



**Sustainability
Report
2020**

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1. CEO'S FOREWORD



Dear AUGA community,

2020 was an extraordinary year for the whole world. Although we faced challenges that we could not have foreseen, we are pleased that this has not prevented us from achieving good financial results and reaching environmental, social and governance goals. Despite the instability in the markets, operations of the companies in the group have not been disrupted. The pandemic also revealed growing consumer concerns about sustainability and boosted demand for organic products around the world. As a result, we have seen a clear breakthrough in the end-consumer products segment.

We marked the beginning of last year by setting new sustainability goals and promises for our entire community. In April 2020, we launched our five-year strategy, aiming to deliver organic food with no cost to nature and to become a synonym for sustainability. The company's key goals include improving efficiency in our existing business segments, designing a sustainable organic food architecture, and reducing greenhouse gas emissions. The long-term objective is to achieve a neutral carbon footprint in our core business segments. We will do this by implementing our most important technological

projects: biogas cycle infrastructure and biogas-powered vehicles, specialised feed technology that reduces methane emissions, and regenerative crop rotation.

The wind of sustainability is favourable for us. This was demonstrated by the European Commission's Farm to Fork strategy published later in 2020. The strategy is aimed at tackling the key challenges of sustainable food systems as part of the EU Green Deal to make Europe the first climate neutral continent by 2050. The publication of this strategy has confirmed that changes in the agricultural sector are needed, and we are pleased that the company is already successfully moving towards them. AUGA group's strategy very much corresponds to the sustainable food production practices proposed by the EU.

As a socially responsible company whose operations are based on the principles of sustainability, in 2020 the AUGA group sought positive change for the community and the environment in which it operates. We implemented an environmental management system and continued innovation projects to address the challenges of the agricultural sector. Last year, we also managed to reduce greenhouse gas emissions, mainly from agricultural processes, although we will only see the impact of major technological projects on emissions in the future.

In the social field, our employees and their safety is our highest priority. Therefore, during the COVID-19 pandemic we made every effort to ensure the health of our employees. We took all necessary preventative measures to create a safe working environment, and this led to successful results. The companies of the group operated at normal capacity throughout the year. In order to motivate and support our employees, we continued the stock option program and provided additional health insurance, with the availability of medical services – a particularly relevant issue at this time.

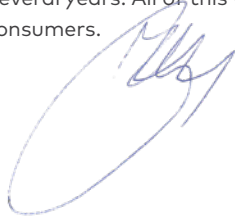
Last year we paid great attention to maintaining relations with investors and implementing the company's policies with both employees and business partners. The independent board of the company successfully continued its work, making significant contributions to the formation of the company's new strategy and the ensuring of transparent management. The performance of the AUGA group in 2020 was evaluated by even more independent analyst companies. The international companies Wood & Company and Enlight Research joined LHV Bank in this activity.

The company's activities were evaluated internationally. In 2020, AUGA group was ranked in the top 10% of best-performing companies globally in the international sustainability ratings for its sector by research company ISS ESG.

The end of the year was crowned by an important event for the company – we signed new agreements with financial institutions regarding loan refinancing and new credit limits, which enables further implementation of the company's strategy.

We started the new year with the firm knowledge that sustainability and innovation will help us create a positive impact on our environment and our entire community. All of these achievements have laid a solid foundation for the coming year. They will allow us to achieve our goals of operational efficiency, and to continue our R&D activities and the application of innovative technologies in agriculture, which we have already been developing for several years. All of this will help us achieve our future goal – to produce organic food with no cost to nature that we can offer to responsible consumers.

Kęstutis Juščius
CEO of AUGA group




2. ABOUT THE SUSTAINABILITY REPORT

Since 2017, the AUGA group has been publishing its annual sustainability reports with the purpose of ensuring that it remains accountable to all its stakeholders. This Sustainability Report covers the activities of all the Group's companies in the period from 1 January until 31 December 2020. This year marks the first time that this report is integrated in the Company's annual report. In order to maintain consistency with previous years, this Sustainability Report will also be published as a separate document.

To date, AUGA group has prepared Sustainability Reports in accordance with the Nasdaq ESG reporting guide for Companies Listed in the Nordic and Baltic Markets. In the last performance report, the Company set the new goal of integrating other globally recognized sustainability standards into future reports. This goal has been achieved as the activity data for 2020 was provided following the Core Option of the Global Reporting Initiative (GRI) standard. This is the first report to communicate the results achieved by the Company in accordance with two international sustainability standards. The disclosures contained herein are guided by the materiality principle. This report fully meets the requirements for a social responsibility report that are set out in the legislation of the Republic of Lithuania.

The Sustainability Report is published together with the Company's annual financial results. The Company strives for consistency; therefore, this report has been prepared following the structure of the Company's previous Sustainability Reports. The disclosures of the newly adopted GRI standard, which the Company has chosen to communicate in accordance with its activities, are integrated into the previous structure of the AUGA group report, which was already familiar to stakeholders. Through this, it is hoped that readers of the report will be able to easily find all the relevant information by looking not only at the most recent data, but at the historical data as well.

In all its activities, the Company strives to be transparent and responsive to the needs of its community. As a result, the Company has prepared this Sustainability Reports in accordance with the materiality assessment of sustainability criteria that has been reviewed together with the Company's stakeholders, a process which is updated via survey every two years. It is also important for the Company to adhere to the Sustainable Development Goals set by the United Nations; therefore, the Company follows these principles in its activities.

The Sustainability Report covers the main activities and achievements of the Group in the environmental, social and governance (ESG) areas, as well as the goals that the Company expects to achieve in the future.

The Company's Sustainability Reports have not yet been formally audited by third parties. This document provides information from the independently audited CO₂ emissions report of the Group. In the future, the Company will seek to audit its other ESG indicators.

The last AUGA group Sustainability Report for 2019 was issued in April 2020. This and previous Sustainability Reports are available on the Company's website.

The contact person responsible for sustainability is Gediminas Judzentas, Marketing and Sustainability Director of AUGA group (g.judzentas@auga.lt).

				GRI 102-45
GRI 102-46	GRI 102-47	GRI 102-48	GRI 102-49	GRI 102-50
GRI 102-51	GRI 102-52	GRI 102-53	GRI 102-54	GRI 102-56
		Nasdaq V8	Nasdaq V9	Nasdaq V10

3. AUGA GROUP AT A GLANCE

The **largest** vertically integrated organic food producer in Europe

39.6 th. ha
of arable land

1,271
employees

4
business segments

3,471
dairy cows

12.9 th. tons
of mushrooms sold

100%
organic crop growing

EUR
83.07
million revenue

EUR
20.83
million EBITDA

Products are sold in
37
countries

72%
of sales is export

Listed on
Nasdaq Vilnius

1,866
shareholders

The first distributor of **green bonds** in the Baltic States*

*Among fully privately-owned companies listed in Nasdaq.

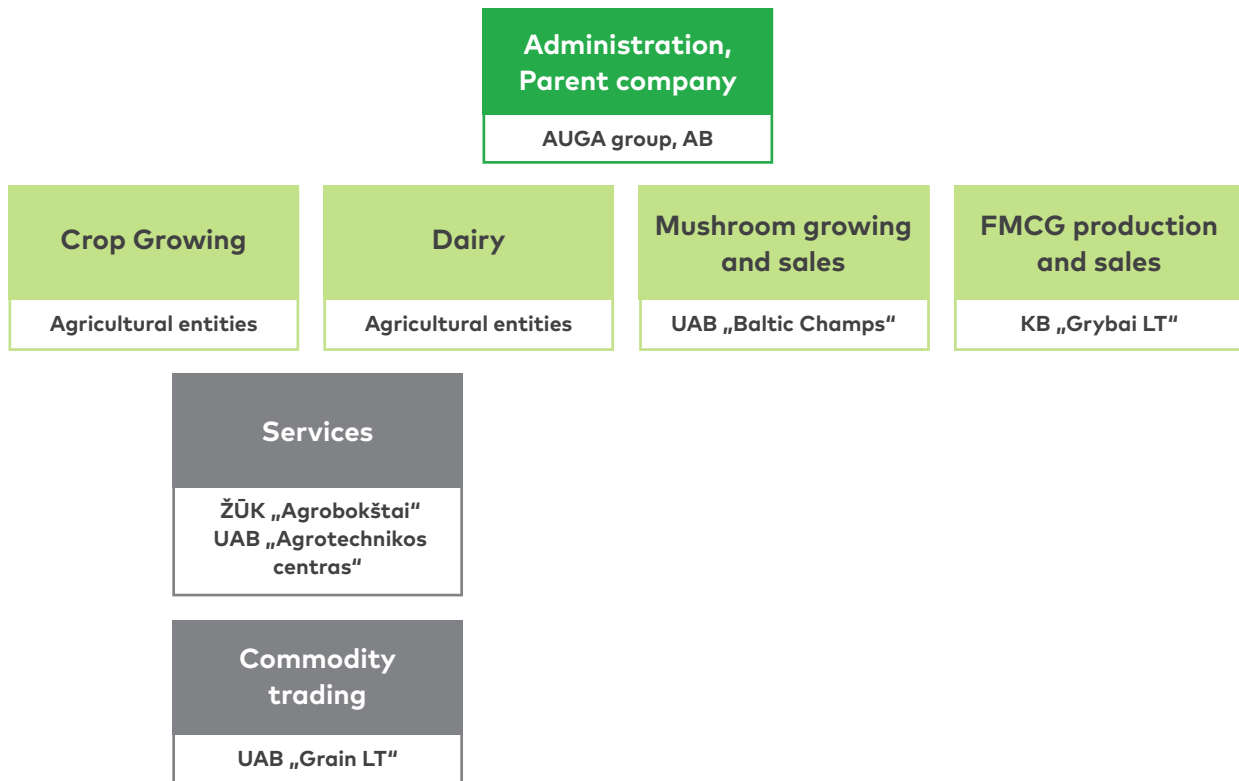
4. BUSINESS MODEL

AUGA group, AB, (hereinafter – the Company, AUGA group) based in Lithuania (headquarter – Konstitucijos ave. 21C, Vilnius), is the largest vertically integrated organic food producer in Europe. The group of companies (hereinafter – the Group) develops a sustainable farming model in the organically certified arable land that is based on new technologies. The Company's shareholders list: Baltic Champs Group, UAB, European bank for reconstruction and development, ME investicija, Žilvinas Marcinkevičius and other shareholders.

The main business segments of AUGA group:

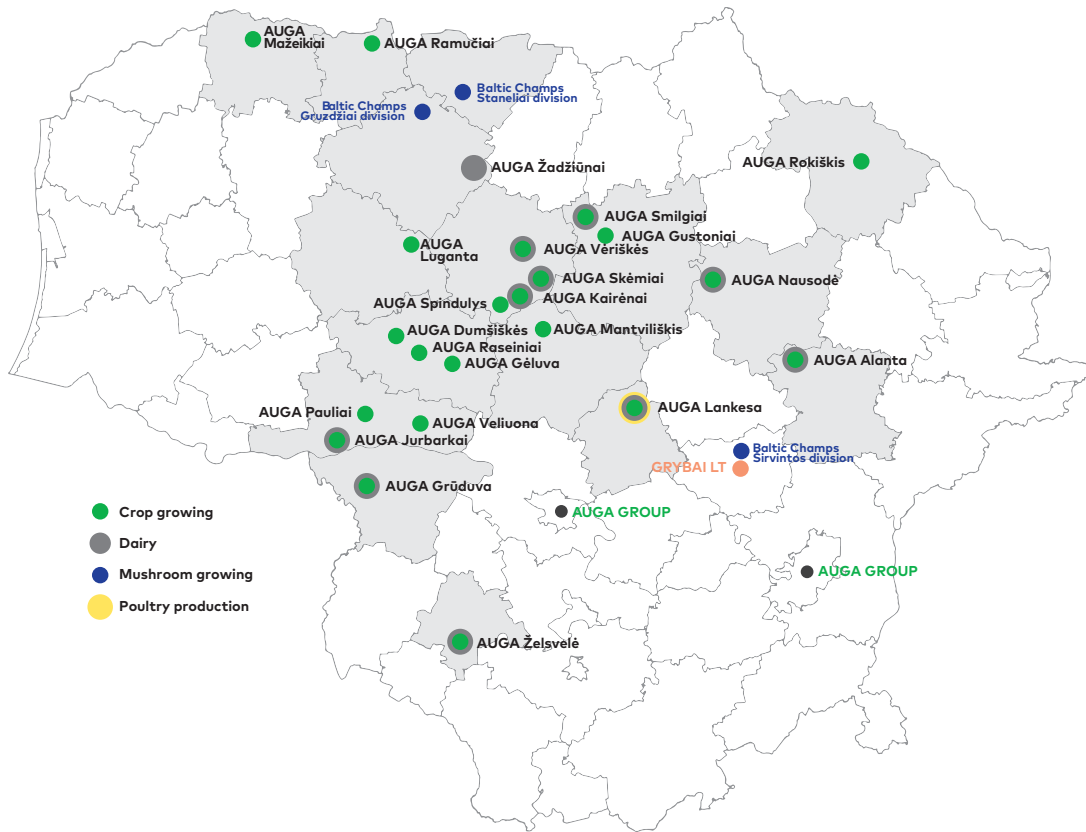
- **Crop growing** - the Group's companies grow organic wheat, legumes, rapeseed, sugar beets, and other crops, including organic vegetables and organic feed for livestock.
- **Dairy** - the segment includes organic milk production and cattle raising. The dairy segment operates in synergy with organic crop growing as it consumes forage crops used for crop rotation and its organic waste is used as fertilizer for crops.
- **Mushroom growing** - Baltic Champs, UAB, part of the AUGA group is the largest producer of mushrooms in the Baltic region. The company grows white and brown champignons, portobello, eringi, shiitake mushrooms and produces composed used for mushroom growing.
- **Fast-moving consumer goods** – the Group offers a wide range of end-consumer products (FMCG) including ready-to-eat soups, preserved mushrooms, packaged fresh and preserved vegetables, bottled milk, oat flakes, and other products. AUGA group sells products under the brand name AUGA and other private labels. This segment is of strategic importance for the Group and currently is the fastest-growing. AUGA products are based on innovative food production standards and the growing global consumer demand for organic and sustainable food.

The Group consists of the following main companies, grouped by business segment (the full list of Group's companies is provided in note 1 of the Consolidated and Separate Financial statements):



The Group develops its operations in more than 39 th. ha of lands in the most fertile areas of Lithuania. 11.6% of the land is owned by the Group. AUGA group gains efficiency of returns through leasing of land rather than low returns as an owner.

All Group activities take place in Lithuania. Location of Groups' headquarters and operations:



Organic farming is inherently concerned with protecting the environment, promoting biodiversity, and ensuring the supply of organic, fully traceable products to consumers. When it comes to the adoption of practices that make farming operations even more sustainable, AUGA group has already come a long way. The Group has implemented circular economy principles throughout all of its business segments, has applied min-till technology in almost 100% of its fields, and operates the sites on green energy.

A closed-loop agricultural model is applied on the Group's farms. Crops are used for cattle feed and straw goes to mushroom compost. Livestock manure is used to fertilize crops and make compost. Later, it also becomes fertilizer for crops.

The Group's competitive advantages:

- **Economy of scale** – what sets the group of companies apart from its competitors is the scale of its activities. The Group's farms grow a wide range of various organic products. In combination with still lower labour costs and the economies of scale, this allows to gain a significant cost advantage.
- **Vertical integration** – the Group operates on large area of land and therefore grows a wide range of organic products. This allows to offer a variety of final consumer products such as ready-to-eat soups and other preserved products, vegetables, mushrooms, dairy products, eggs, flour, etc.
- **Full traceability** - the business model developed by the Group allows for full traceability from seed to pack and ensures the high quality of products, as it is controlled by Group. This helps to gain trust from private label producers, retailers, as well as final consumers of branded AUGA products.
- **Synergies among different branches of agriculture** - the closed-loop agriculture model, due to its internal integration with the dairy and mushroom growing segment, creates the possibility to obtain sufficient quantities of organic farming compliant fertilizers (manure) for crop growing. And later - crop production is used to ensure the activities of other segments.

It is important for the Group to ensure a sustainable supply chain, agility, and flexibility to adapt to existing business needs. The Group pays significant attention to the selection of local and international suppliers and expects its partners to adhere to the highest standards of business ethics. For this reason, the AUGA group has a supplier code of ethics approved by the members of the Board (more information is provided in the Sustainability Report).

As of 31 December 2020, the consolidated group consisted of the Company and 137 subsidiaries:

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
1.	Baltic Champs UAB	*4	302942064	Šiaulių r., Poviliškių k., 15, Registration place: Šiaulių r. sav., Registration date: 21/12/2012	**A	100.00%	100.00%
2.	AVG Investment UAB	*4	300087691	Vilniaus m. sav., Vilnius, Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 10/02/2005	**G	100.00%	100.00%
3.	AWG Investment 1 UAB	*4	301745765	Vilniaus m. sav., Vilnius, Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 01/06/2008	**G	100.00%	100.00%
4.	AWG Investment 2 UAB	*4	301807590	Vilniaus m. sav., Vilnius, Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008	**G	100.00%	100.00%
5.	Agross UAB	*4	301807601	Vilniaus m. sav., Vilnius, Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008-07-24	**H	100.00%	100.00%
6.	Grain Lt UAB	*4	302489354	Vilniaus m. sav., Vilnius, Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 17/03/2010	**H	97.41%	97.41%
7.	AgroGis UAB	*4	302583978	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 18/01/2011	**D	95.00%	95.00%
8.	Agro Management Team UAB	*4	302599498	Jonavos r. sav. Bukonių k. Lankesos str. 2, Registration place: Jonavos r. sav., Registration date: 02/03/2011	**E	100.00%	100.00%
9.	Agrotechnikos centras UAB	*4	302589187	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 03/02/2011	**F	100.00%	100.00%
10.	AUGA trade UAB	*4	302753875	Jonavos r. sav. Bukonių k. Lankesos str. 2, Registration place: Jonavos r. sav., Registration date: 29/02/2012	**H	100.00%	100.00%
11.	Agricultural entity Žemės fondas	*1	300558595	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 07/04/2006	**E	100.00%	100.00%
12.	Žemės vystymo fondas 6 UAB	*4	300589719	Vilniaus m. sav. Vilniaus m. Smolensko str. 10, Registration place: Vilniaus m. sav., Registration date: 10/08/2006	**E	100.00%	100.00%
13.	Žemės vystymo fondas 9 UAB	*4	300547638	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 09/03/2006	**E	100.00%	100.00%
14.	Žemės vystymo fondas 10 UAB	*4	301522723	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 10/01/2008	**E	100.00%	100.00%
15.	Žemės vystymo fondas 20 UAB	*4	300887726	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 22/06/2007	**B	100.00%	100.00%
16.	AUGA Grūdava UAB	*4	174401546	Šakių r. sav. Gotlybiškių k., Registration place: Šakių r. sav., Registration date: 24/02/1997	**A	98.97%	98.97%
17.	Agricultural entity AUGA Spindulys	*1	171330414	Radviliškio r. sav. Vaitiekūnų k. Spindulio str. 13, Registration place: Radviliškio r. sav., Registration date: 09/04/1993	**A	99.99%	99.99%
18.	Agricultural entity AUGA Smilgiai	*1	168548972	Panevėžio r. sav. Smilgių mstl. Panevėžio str. 23-1, Registration place: Panevėžio r. sav., Registration date: 16/09/1992	**A	100.00%	100.00%
19.	Agricultural entity AUGA Skėmiai	*1	171306071	Kėdainių str. 13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 01/10/1992	**A	99.97%	99.97%
20.	Agricultural entity AUGA Nausodė	*1	154179675	Anykščių r. sav. Nausodės k. Nausodės str. 55, Registration place: Anykščių r. sav., Registration date: 11/08/1992	**A	99.93%	99.93%
21.	Agricultural entity AUGA Dumšiškės	*1	172276179	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 29/09/1992	**A	99.88%	99.88%
22.	Agricultural entity AUGA Žadžiūnai	*1	175706853	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 30/06/1992	**A	99.81%	99.81%
23.	Agricultural entity AUGA Mantviliškis	*1	161274230	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios str. 60, Registration place: Kėdainių r. sav., Registration date: 06/11/1992	**A	99.94%	99.94%
24.	Agricultural entity AUGA Alanta	*1	167527719	Molėtų r. sav. Kazlų k. Skiemonių g. 2A, Registration place: Molėtų r. sav., Registration date: 29/06/1992	**A	99.99%	99.99%
25.	Agricultural entity AUGA Eimučiai	*1	175705032	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 29/06/1992	**A	99.24%	99.24%
26.	Agricultural entity AUGA Vėriškės	*1	171305165	Radviliškio r. sav. Skėmiai, Kėdainių str. 13, Registration place: Radviliškio r. sav., Registration date: 29/09/1992	**A	99.93%	99.93%
27.	Agricultural entity AUGA Želsvelė	*1	165666499	Marijampolės sav., Želsvos k., Želsvelės str. 1, Registration place: Marijampolės sav., Registration date: 03/07/1992	**A	99.86%	99.86%
28.	Agricultural entity AUGA Lankesa	*1	156913032	Jonavos r. sav. Bukonių k., Registration place: Jonavos r. sav., Registration date: 06/04/1999	**A	96.91%	96.91%
29.	Agricultural entity AUGA Kairėnai	*1	171327432	Radviliškio r. sav. Kairėnų k., Registration place: Radviliškio r. sav., Registration date: 02/03/1993	**A	98.47%	98.47%
30.	Agricultural entity AUGA Jurbarkai	*1	158174818	Jurbarko r. sav. Klišių k. Vytauto Didžiojo str. 99, Registration place: Jurbarko r. sav., Registration date: 31/07/1992	**A	98.46%	98.46%
31.	Agricultural entity AUGA Gustoniai	*1	168565021	Panevėžio r. sav. Gustonių k. M. Kriaučiūno str. 15, Registration place: Panevėžio r. sav., Registration date: 09/12/1992	**A	100.00%	100.00%
32.	Cooperative entity Siesarčio ūkis	*3	302501098	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Šakių r. sav., Registration date: 21/04/2010	**A	99.44%	99.44%

GRI 102-45

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
33.	Cooperative entity Kašėta	*3	302501251	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 21/04/2010	**A	99.44%	99.44%
34.	Agricultural entity Gustonys	*1	302520102	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Panevėžio r. sav., Registration date: 08/06/2010	**E	100.00%	100.00%
35.	Agricultural entity Skėmių pienininkystės centras	*1	302737554	Radviliškio r. sav. Skėmių k. Alyvų str. 1, Registration place: Radviliškio r. sav., Registration date: 05/03/2012	**A	48.67%	48.67%
36.	Cooperative entity Agrobokštai	*3	302485217	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 02/03/2010	**A	97.94%	97.94%
37.	Cooperative entity Dotnuvėlės valdos	*3	302618614	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 21/04/2011	**A	99.22%	99.22%
38.	Cooperative entity Nevėžio lankos	*3	302618596	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios str. 60, Registration place: Kėdainių r. sav., Registration date: 21/04/2011	**A	96.51%	96.51%
39.	Cooperative entity Radviliškio kraštas	*3	302618742	Kėdainių str. 13, Skėmių k. Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 20/04/2011	**A	98.67%	98.67%
40.	Cooperative entity Šventosios pievos	*3	302618201	Raseinių r. sav. Kalnujų mstl. Žieveliškės str. 1, Registration place: Raseinių r. sav., Registration date: 20/04/2011	**A	96.36%	96.36%
41.	Cooperative entity Kairių ūkis	*3	302615194	Panevėžio r. sav. Gustonių k. M. Kriaučiūno str. 15, Registration place: Panevėžio r. sav., Registration date: 13/04/2011	**A	98.68%	98.68%
42.	Cooperative entity Šiaurinė valda	*3	302615187	Akmenės r. sav. Ramučių k. Klevų str. 11, Registration place: Šiaulių r. sav., Registration date: 13/04/2011	**A	96.15%	96.15%
43.	Cooperative entity Šušvės žemė	*3	302618767	Kelmės r. sav. Pašiaušės k. Vilties str. 2, Registration place: Kelmės r. sav., Registration date: 21/04/2011	**A	98.43%	98.43%
44.	Cooperative entity Žalmargėlis	*3	303145954	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 23/09/2013	**A	98.32%	98.32%
45.	Cooperative entity Juodmargėlis	*3	303159014	Raseinių r. sav. Kalnujų mstl. Žieveliškės str. 1, Registration place: Raseinių r. sav., Registration date: 03/10/2013	**A	99.35%	99.35%
46.	Cooperative entity Agromilk	*3	302332698	Raseinių r. sav. Kalnujų mstl. Žieveliškės str. 1, Registration place: Raseinių r. sav., Registration date: 23/04/2009	**A	96.28%	96.28%
47.	Cooperative entity Purpurėja	*3	302542337	Širvintų r. sav. Širvintų k. Zosinos str. 8, Registration place: Širvintų r. sav., Registration date: 02/09/2010	**A	99.53%	99.53%
48.	Bukonių ekologinis ūkis UAB	*4	302846621	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 23/08/2012	**A	100.00%	100.00%
49.	Agrosaulė 8 UAB	*4	302846105	Vilniaus m. sav. Vilniaus m. Smolensko str. 10-100, Registration place: vilniaus m. sav., Registration date: 23/08/2012	**G	100.00%	100.00%
50.	Pasvalys distr., Pušalotas reclamation infrastructure users association	*2	302465563	Pasvalio r. sav. Diliauskų k. Diliauskų str. 23, Registration place: Pasvalio r. sav., Registration date: 11/12/2009	**A	48.67%	48.67%
51.	Biržai distr., Rinkuškiai reclamation infrastructure users association	*2	302465556	Biržų r. sa., Biržai, Vytauto str. 38	**A	48,67%	48,67%
52.	Skėmiai reclamation infrastructure users association	*2	303170256	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	48.67%	48.67%
53.	Vaitiekūnai reclamation infrastructure users association	*2	303170306	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	48.67%	48.67%
54.	Association Grūduvos melioracija	*2	302567116	Šakių r. sav. Gotlybiškių k. Mokyklos str. 2, Registration place: Šakių r. sav., Registration date: 23/11/2010	**A	65.81%	65.81%
55.	Pauliai reclamation infrastructure users association	*2	303169909	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 11/12/2009	**A	100.00%	100.00%
56.	Nausode reclamation infrastructure users association	*2	304219592	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 22/10/2013	**A	70.74%	70.74%
57.	Traktorių nuomos centras UAB	*4	302820808	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100.00%	100.00%
58.	Traktorių nuomos paslaugos UAB	*4	302820797	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100.00%	100.00%
59.	Arnega UAB	*4	302661957	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 13/08/2011	**A	100.00%	100.00%
60.	AgroSchool OU	*6	12491954	Harju maakond, Talinas, Keskinlinna linnaosa, Lai tn 32-8, 10133 , Registration place: Estija, Registration date: 15/07/2013	**G	100.00%	100.00%
61.	Public institution AgroSchool	*5	303104797	Vilniaus m. sav. Vilniaus m. Smolensko str. 10-100, Registration place: Vilniaus m. sav., Registration date: 22/07/2013	**C	50.00%	50.00%
62.	AUGA Ramučiai UAB	*4	302854479	Akmenės r. sav. Ramučių k. Klevų str. 11, Registration place: Akmenės r. sav., Registration date: 05/09/2012	**A	100.00%	100.00%
63.	AUGA Luganta UAB	*4	300045023	Kelmės r. sav. Pašiaušės k. , Registration place: Kelmės r. sav., Registration date: 05/09/2012	**A	100.00%	100.00%
64.	eTime invest UAB	*4	300578676	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Vilniaus m. sav., Registration date: 09/06/2014	**G	100.00%	100.00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
65.	ZVF Projektai UAB	*4	300137062	Vilniaus m. sav. Vilniaus m. Konstitucijos ave. 21C, Registration place: Jonavos r. sav., Registration date: 27/12/2012	**E	52.62%	52.62%
66.	Agricultural entity Alantos ekologinis ūkis	*1	303324747	Molėtų r. sav. Kazlų k. Skiemonių str. 2A, Registration place: Molėtų r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
67.	Agricultural entity Dumšiškių ekologinis ūkis	*1	303324722	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
68.	Agricultural entity Eimučių ekologinis ūkis	*1	303324715	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
69.	Agricultural entity Grūduvos ekologinis ūkis	*1	303324804	Šakių r. sav. Gotlybiškių k. Mokyklos str. 2, Registration place: Šakių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
70.	Agricultural entity Jurbarkų ekologinis ūkis	*1	303325361	Jurbarko r. sav. Klišių k. Vytauto Didžiojo str. 99, Registration place: Jurbarko r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
71.	Agricultural entity Kairėnų ekologinis ūkis	*1	303325774	Radvilišio r. sav. Vaitiekūnų k. Spindulio str. 13-2, Registration place: Radvilišio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
72.	Agricultural entity Lankešos ekologinis ūkis	*1	303325710	Jonavos r. sav. Bukonių k. Lankešos str. 2, Registration place: Jonavos r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
73.	Agricultural entity Mantviliškio ekologinis ūkis	*1	303325703	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios str. 60, Registration place: Kėdainių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
74.	Agricultural entity Nausodės ekologinis ūkis	*1	303325781	Anykščių r. sav. Nausodės k. Nausodės str. 55, Registration place: Anykščių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
75.	Agricultural entity Skėmių ekologinis ūkis	*1	303325692	Kėdainių str. 13, Skėmių k., Radvilišio r., Registration place: Radvilišio r. sav., Registration date: 2014-06-09	**A	100.00%	100.00%
76.	Agricultural entity Smilgių ekologinis ūkis	*1	303325824	Panevėžio r. sav. Smilgių mstl. Panevėžio str. 23-1, Registration place: Panevėžio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
77.	Agricultural entity Spindulio ekologinis ūkis	*1	303325817	Radvilišio r. sav. Vaitiekūnų k. Spindulio str. 13-2, Registration place: Radvilišio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
78.	Agricultural entity Vėriškių ekologinis ūkis	*1	303325849	Kėdainių str. 13, Skėmių k., Radvilišio r., Registration place: Radvilišio r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
79.	Agricultural entity Žadžiūnų ekologinis ūkis	*1	303325870	Šiaulių r. sav. Žadžiūnų k. Gudelių str. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100.00%	100.00%
80.	Agricultural entity Želsvelės ekologinis ūkis	*1	303325856	Marijampolės sav. Želsvos k. Želsvelės str. 1, Registration place: Marijampolės sav., Registration date: 09/06/2014	**A	100.00%	100.00%
81.	Prestviigi OU	*6	12654600	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
82.	Turvaste partners OU	*6	12655410	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10134, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
83.	Nakamaa Agro OU	*6	12655522	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10135, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
84.	Hindaste Invest OU	*6	12655384	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10136, Registration place: Estonia, Registration date: 24/04/2014	**G	100.00%	100.00%
85.	Tuudi River OU	*6	12655640	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10137, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
86.	Palderma Partners OU	*6	12654959	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10138, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
87.	Ave-Martna Capital OU	*6	12655155	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10139, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
88.	Hobring Invest OU	*6	12655427	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10140, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
89.	Rukkirahhu Capital OU	*6	12655232	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10141, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
90.	Pahasoo OU	*6	12655367	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10142, Registration place: Estonia, Registration date: 02/05/2014	**G	100.00%	100.00%
91.	Cooperative entity Ganiklis	*3	303429417	Radvilišio r. sav. Skėmių k. Alyvų str. 1-3, Registration place: Radvilišio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
92.	Cooperative entity Ganiavos gėrybės	*3	303429431	Marijampolės sav. Želsvos k. Želsvelės str. 1, Registration place: Radvilišio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
93.	Cooperative entity Žemėpačio pieno ūkis	*3	303432388	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 22/10/2014	**A	98.09%	98.09%
94.	Cooperative entity Žemynos pienelis	*3	303427989	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
95.	Cooperative entity Lygiadienio ūkis	*3	303428087	Panevėžio r. sav. Smilgių mstl. Panevėžio str. 23-1, Registration place: Radvilišio r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%

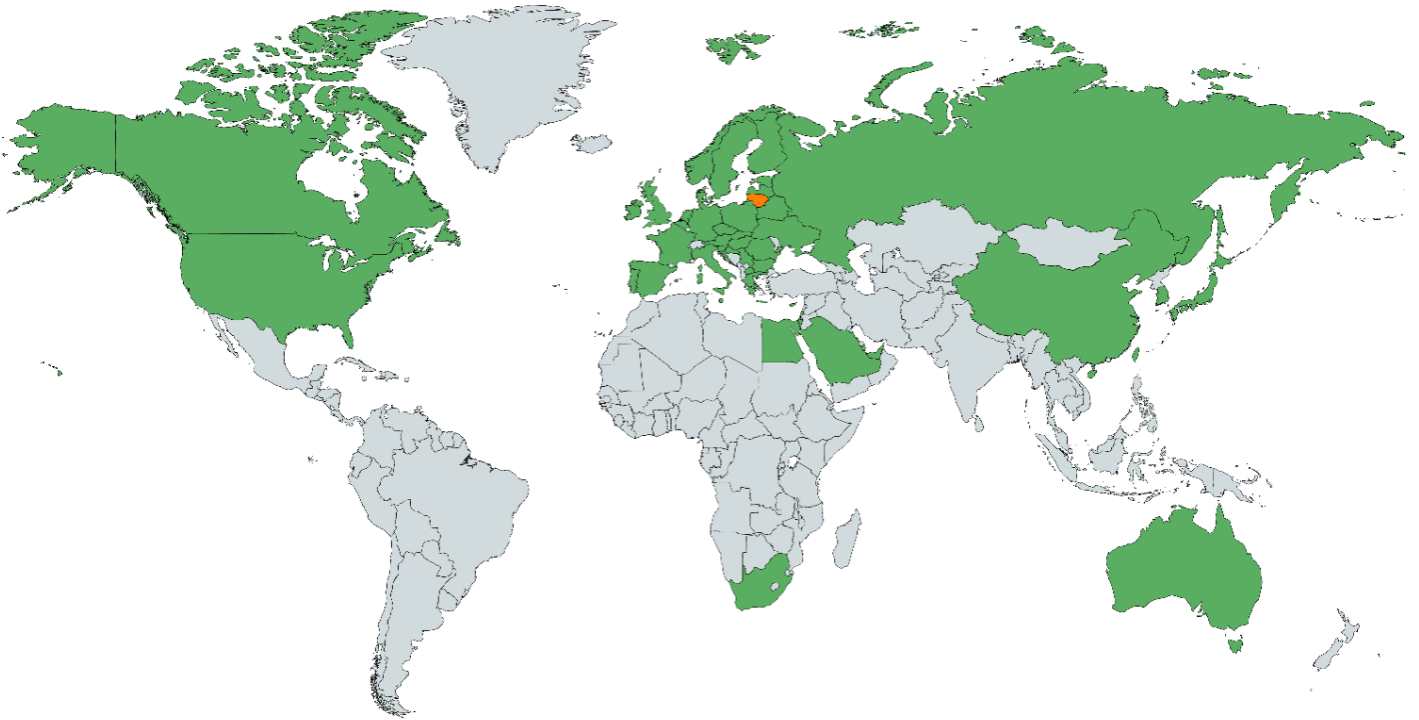
No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
96.	Cooperative entity Laumės pieno ūkis	*3	303427996	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
97.	Cooperative entity Medeinos pienas	*3	303428112	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
98.	Cooperative entity Gardaitis	*3	303429381	Panevėžio r. sav. Gustonijų k. M. Kriaučiūno str. 15, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
99.	Cooperative entity Dimstipatis	*3	303429424	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
100.	Cooperative entity Aušlavis	*3	303429456	Anykščių r. sav. Nausodės k. Nausodės str. 55, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
101.	Cooperative entity Austėjos pieno ūkis	*3	303428094	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 17/10/2014	**A	98.09%	98.09%
102.	Cooperative entity Aitvaro ūkis	*3	303429374	Radviliškio r. sav. Skėmių k. Alyvų str. 1-3, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
103.	Cooperative entity Giraičio pieno ūkis	*3	303429399	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	98.09%	98.09%
104.	Fentus 10 GmbH	*6	HRB106477	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
105.	Norus 26 AG	*6	HRB109356B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
106.	LT Holding AG	*6	HRB109265B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100.00%	100.00%
107.	KTG Agrar UAB	*4	300127919	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Vilniaus m. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
108.	Agrar Raseiniai UAB	*4	300610316	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
109.	AUGA Mažeikiai UAB	*4	300610348	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
110.	PAE Agrar UAB	*4	300867691	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
111.	Delta Agrar UAB	*4	300868875	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
112.	KTG Grūdai UAB	*4	302637486	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
113.	KTG Eko Agrar UAB	*4	300510650	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
114.	Agronita UAB	*4	300132574	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
115.	Agronuoma UAB	*4	303204954	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
116.	VL Investment Vilnius 12 UAB	*4	303205611	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 2014-10-20	**A	100.00%	100.00%
117.	Agrar Ašva UAB	*4	301608542	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
118.	Agrar Varduva UAB	*4	301608791	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
119.	Agrar Seda UAB	*4	301608777	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
120.	Agrar Kvistė UAB	*4	302308067	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
121.	Agrar Luoba UAB	*4	302308035	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
122.	Agrar Gaja UAB	*4	302594412	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
123.	Agrar Ariogala UAB	*4	301626540	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
124.	Agrar Girdžiai UAB	*4	301621568	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
125.	Agrar Vidauja UAB	*4	301622531	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
126.	Agrar Raudonė UAB	*4	302309532	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						31/12/20	31/12/19
127.	Agrar Venta UAB	*4	302307855	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
128.	Agrar Nerys UAB	*4	302594063	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
129.	Agrar Gėluva UAB	*4	302312133	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
130.	Agrar Betygala UAB	*4	302312222	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
131.	Agrar Dubysa UAB	*4	302312215	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
132.	Agrar Pauliai UAB	*4	302312165	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
133.	Agrar Mituva UAB	*4	302312172	Raseinių r. sav. Gėluvos k. Dvaro str. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100.00%	100.00%
134.	AUGA Raseiniai UAB	*4	304704364	Raseinių r. sav. Kalnujų mstl. Žieveliškės str. 1, Registration place: Raseinių r. sav., Registration date: 06/11/2017	**A	100.00%	100.00%
135.	Tėvynės žemelė UAB	*4	303301428	Antano Tumėno str. 4, Vilnius	**G	100.00%	100.00%
136.	Tėviškės žemelė UAB	*4	303207199	Antano Tumėno str. 4, Vilnius	**E	100.00%	100.00%
137.	Cooperative entity Grybai LT	*3	302765404	Žibaių st. 37, Širvintos	**I	100.00%	22.03%

COMMENTS:

* *1 Agricultural entity *2 Association *3 Cooperative entity *4 Private limited company *5 Public institution *6 Foreign legal entity	** **A Agricultural operations **B Cash pool of the Group **C Human resource management **D IT system development **E Land management **F Lease of machinery	**G Management of subsidiaries **H Trade and logistics **I Food processing
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The Company exports its products to **37 countries around the world**. Export markets: Germany, Sweden, Poland, Latvia, France, Netherlands, Finland, USA, Norway, Estonia, Russia, Japan, Belarus, Italy, Austria, UAE, UK, Belgium, Israel, Denmark, Taiwan, Ukraine, Australia, Malta, Romania, Czech Republic, Slovakia, Canada, Hungary, South Africa, S. Korea, Spain, Greece, Serbia, China, Bulgaria, Portugal. Map of export markets:



AUGA end-consumer product portfolio



Ready-to-eat soups



Preserved pulses and mushrooms



Fresh mushrooms



Grain products



Dairy products



Fresh vegetables



Rapeseed oil



Eggs

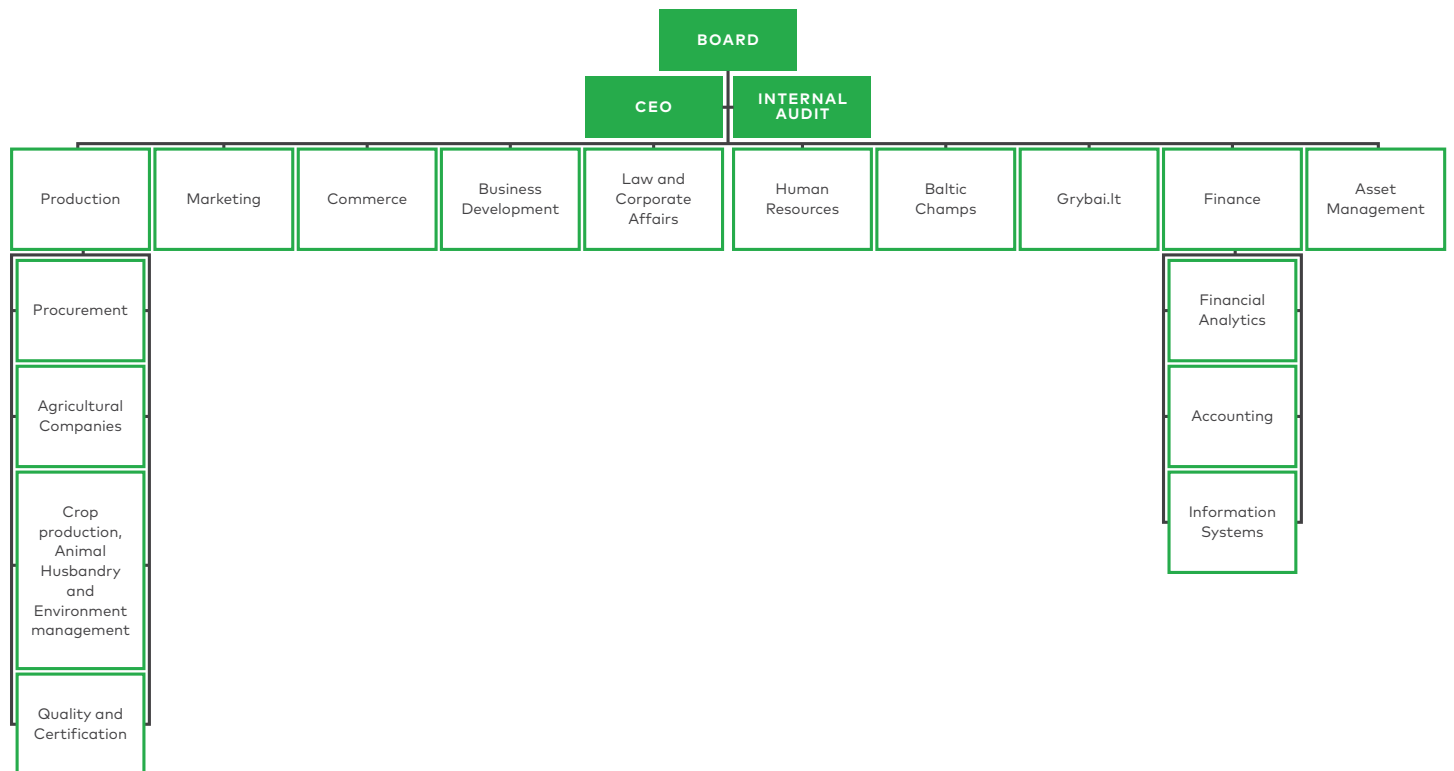
People

AUGA group's team brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.

Total number of employees as of 31 December 2020, including those 35 on parental leave, was 1,271.

Number of employees		
	2020	2019
Managers	63	56
Specialists	205	144
Workers	968	949
Total:	1,236	1,149

Organisational structure of the Group:



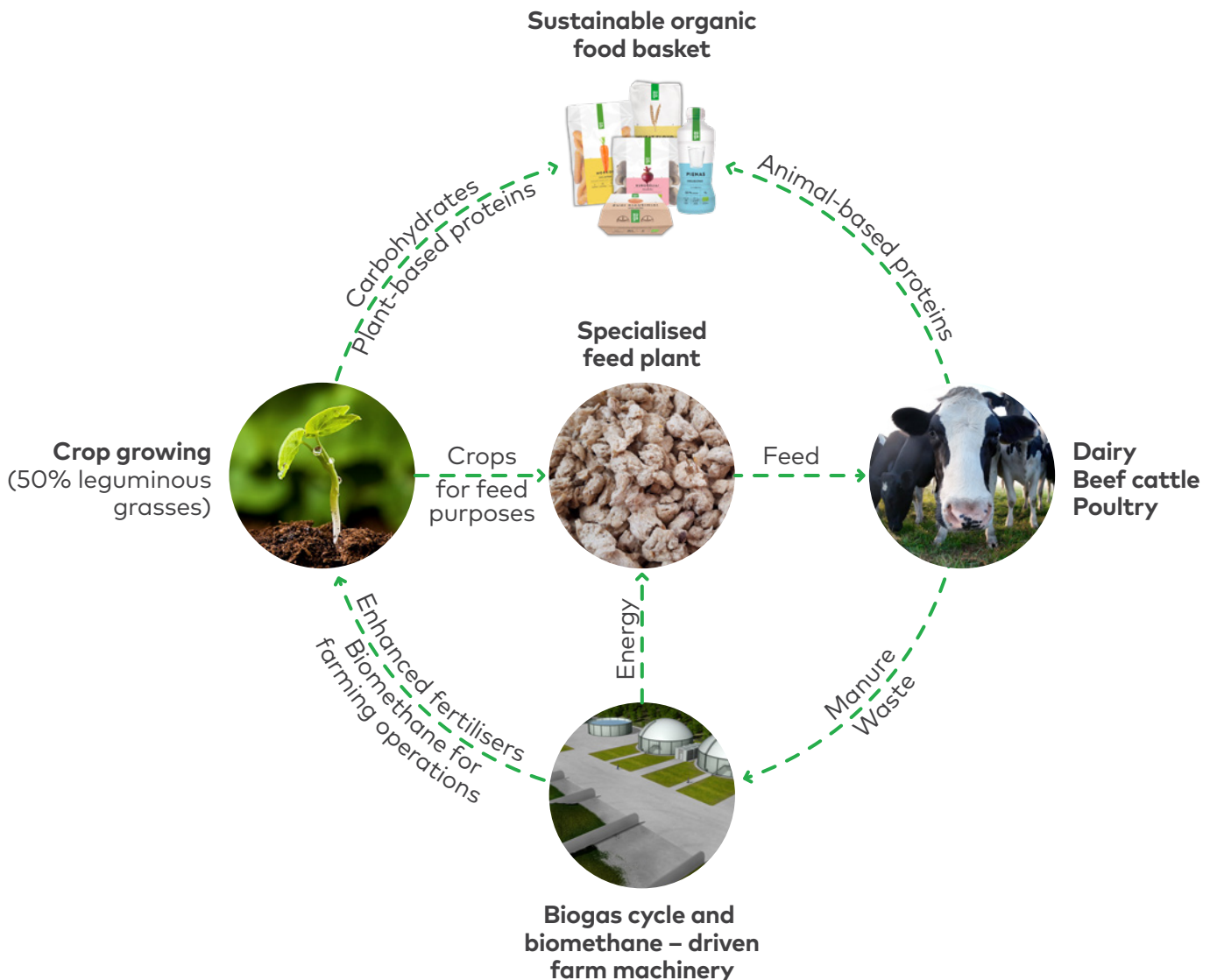
5. STRATEGY

The sector in which the Group operates is one of the biggest polluters of the environment. Globally, agriculture, along with the emissions from deforestation due to land conversion, accounts for around 23% of total human activity caused greenhouse gas emissions. Therefore, in view of these challenges and the growing need of consumers to eat more sustainably, in 2020 AUGA group launched its five years strategy.

The main goals of the Company are to improve efficiency in all business segments, to create a new model of sustainable organic food production and to reduce greenhouse gas emissions. These goals will be pursued through a new business model, the Sustainable Organic Food Architecture (SOFA), which will help address the most pressing technological challenges in the food industry while maintaining the momentum of scale, quality and yield growth.

The new business model attributes key roles to the following technologies and processes:

- **Biogas cycle infrastructure**, which will enable farm operations to run without fossil fuels. Manure in the cycle will, in its secondary role, be utilised both for fertilisation, and as a source to produce biofuel. 50% less emissions from fossil fuel use on farms will be achieved.
- **Specialised feed technology**, which will reduce methane emissions from ruminants. 50% less emissions per one tonne of cow's milk will be achieved.
- **Regenerative crop-rotation**, which will see a share of cereal cultures substituted for leguminous grasses that have carbon sequestration and nitrogen fixation capabilities. 30% less emissions from agricultural dry matter yield per tonne will be achieved.



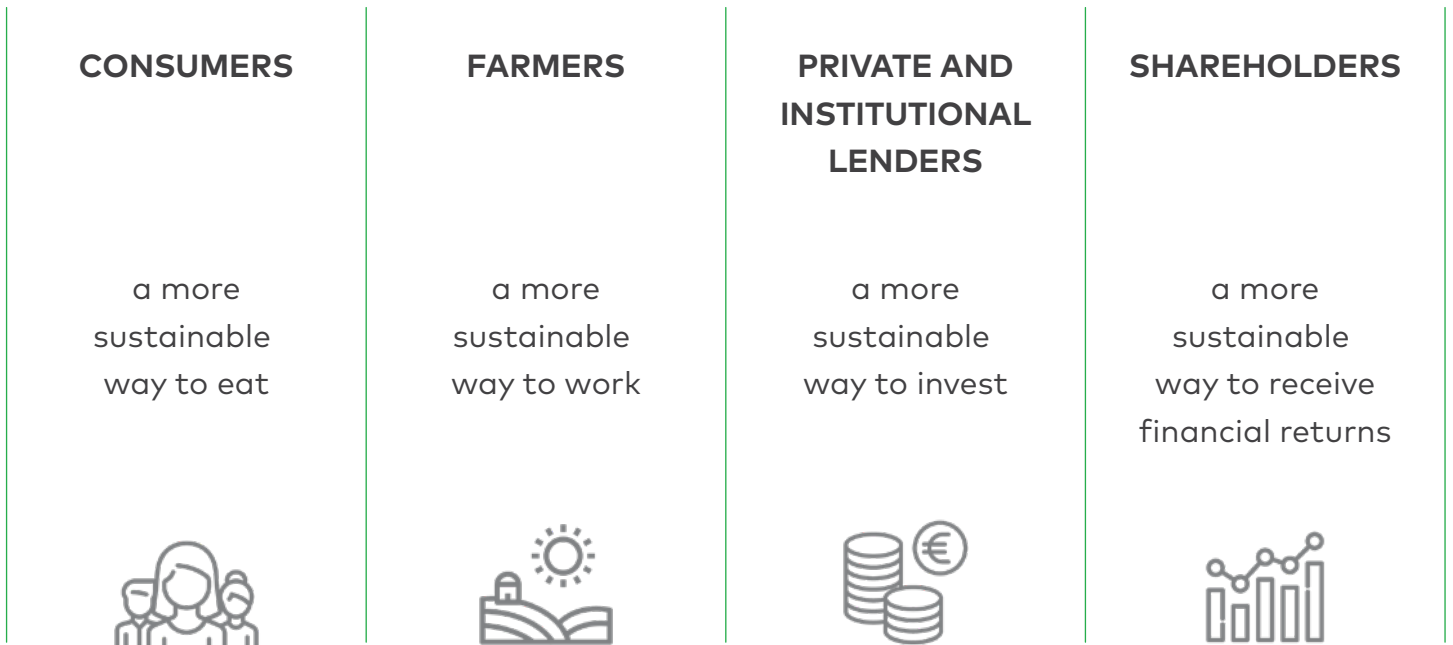
It should be noted, however, that previously cultivated synergies in the closed-loop sustainable farming model, especially those between crop growing and dairy, as well as mushroom growing with crop growing and dairy remain integral to the new model.

The key goal of the new Group strategy is to significantly reduce greenhouse gas emissions by 2025 (with a target of up to 27% total reductions), ultimately turning the company into a climate neutral player in the organic food market by 2030.

The new face of AUGA group will be an asset-light and agtech-driven company based on a self-sufficient circular model that presents the world with an opportunity to live more sustainably. It will demonstrate resilience in the face of any fracturing to the global supply chain that arise from such global challenges as pandemics.

What does the success of the strategy in 2025 mean for each AUGA community group:

- **To consumers** – ability to deliver consumer basket with least cost to nature.
- **To farmers** – functionality of Sustainable Organic Food Architecture, which reduces carbon dioxide and its equivalents emissions.
- **To lenders** – resilience in business structure through long-term financing and impact-driven lenders.
- **To shareholders** – unique asset-light business model, able to demonstrate ROE ~15%, multiply Company value x3 and retain growth dynamics in the periods to follow.



It is hoped that the new architecture of sustainable organic food will help solve the problems of the agricultural sector, allow the cultivation of food that has a neutral effect on the climate.

6. VISION, MISSION, VALUES

It is important for the Company that its vision and mission are not just loud statements but responds to the goals of daily operations. Therefore, together with the new strategy of the Company, the directions defining the activities of the Group have been announced.

VISION ————— A Synonym for Sustainable Food and Lifestyle.

MISSION ————— Deliver Organic Food with no Cost to Nature.

In 2020 when the AUGA group announced a new strategy, there was a need to review its operating values as well. From now on, the Company is guided by the new values that define the activities of the AUGA group: sustainability, innovation, and positive impact.

Sustainability

We care not only about reducing our footprint on the environment, and our corporate social responsibility, we develop new ambitious standards for sustainability. We aim to achieve business results while being a model for sustainability everywhere and at all times.

Innovation

Environmental protection, operational efficiency and new standards are challenges that can only be tackled with technology and innovation. In our team, we encourage resourcefulness, creativity, out-of-the-box thinking, continuous learning and new solution finding.

Positive impact

We aim to achieve the best understanding of the present and future needs of our consumers and other stakeholders. As leaders in our field, we initiate change, create value, and positively impact the entire community.

7. RISK MANAGEMENT

In 2020, AUGA Group management performed a review of the largest risks and prepared a risk management framework alongside with the risk assessment heat map. The risks were reviewed from both probability and severity perspectives. The risk management framework was approved by the Audit Committee in 2021.

Defined key risks for the Group:

Weather conditions. Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a major impact on productivity and may adversely affect the yield of agricultural products, cause harm to the preparation of foodstuffs, destroy crops, and cause other damage. Any damage arising due to adverse climatic conditions may negatively affect the Group's financial situation, its business and its results.

Changes in EU subsidies. The Group receives significant income from EU subsidies, and they are important for the continued viability of the business. If, for any reason, these subsidies were removed or reduced, this could have significant implications in many areas of the Group's business. These would include (i) reduced operating cash flows and profitability, and (ii) decreases in the value of land and investment property resulting in the possible impairment of property, plants and equipment. Significant changes in EU subsidy programmes could also threaten the long-term viability of the Group's operations.

The prices of agricultural products. The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various unpredictable factors (such as climatic conditions, national agricultural policy, and fluctuations in worldwide demand caused by changes in the world population, changes in living conditions, and varying volumes of competing products in other countries) have a significant influence on the prices of agricultural products. Factors such as climatic conditions, infections, pest infestations, the national agricultural policy of different countries, and more, may have a strong impact on the supply of primary agricultural products and their prices. Changes in demand for primary agricultural materials may be greatly affected by various international and local programmes implemented in compliance with national agricultural policies. Changes in international demand are also determined by changes in the world population and the living conditions in different countries across the world. These factors may cause significant fluctuations in the prices of agricultural products and, consequently, adversely effect the Group's activities, financial situation and results.

Credit/financing risks. Organic agriculture is a working capital intensive business. As a result, deployment of borrowed capital is significant: as of 31 December 2020, the aggregate interest-bearing debt of the Group amounted to EUR 59.91 million (on 31 December 2019 the figure was EUR 59.03 million). The Group's level of borrowed capital may entail significant consequences, for instance: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing of debt, and other purposes may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) undertakings with certain limitations on business and financial matters contained in credit agreements, although typical for such types of financing transaction, may nonetheless restrict the Group's ability to borrow more funds, mortgage property and/or participate in mergers or transactions of other types, which may to a certain extent restrict the active implementation of development possibilities and, potentially, decrease competitive advantages in the future; and (iv) the Group's ability to prolong existing revolving facilities could be limited.

The refinancing of credit facilities in 2020 significantly decreased those risks because the new credit agreements: (i) increased the proportion of long-term facilities thus decreasing refinancing risk; and (ii) have looser financial covenants and fewer restrictions, and provide more flexibility and opportunities for investments and expansion. The diversification of financing products (banking loans, bonds), the financing of separate companies instead of syndicated loans, and an increase in the number of financing banks (refinancing was provided by both previous and new banks) have further decreased risks.

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Diseases can directly affect the results of the Group due to their impact on production volumes and quality, and write-offs. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease') and other diseases and bacteria may reduce demand for such products due to fear of the consequences arising from these issues. Such changes may impact the Group's financial condition.

This risk is especially significant for the mushroom growing segment due to the concentration of production capacities.

Liquidity risk. Due to the Group's working capital intensive business model, long production cycle in the crop growing segment, and fluctuations in the sales volumes of agricultural products, the Group faces significant changes in demand for working capital through the year.

The refinancing of credit facilities from banks in 2020 and the securing additional revolving limits, together with the Group's improving cash flow, are decreasing this risk.

Possible risks related to environmental regulation. The Group has to comply with environmental regulations and it may be held liable for improper compliance with such rules. In its operations, the Group must comply with different environmental rules regulating the labelling, use, and storage of different hazardous substances used in the Group's activities. These rules require the installation of procedures and technologies for the proper treatment of any hazardous substances, and provide for the Group's liability in managing and eliminating any pollution of the environment. In addition to liability for current activities, the Group may also be liable for any previous operations if it appears that such operations caused damage to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Group to introduce measures to meet the required standards.

Loss of recognitions and certifications. The Group is currently recognised as an organic producer and holds, among others, USDA Organic, Global GAP, Kosher and BRC Food certification. This certification can be considered an important part of the Group's brand and market positioning, and thus a loss of these certifications may result in a decline in demand or damage to the Group's brand value. Loss of certification as an organic producer would also reduce potential income from EU subsidies relating to organic farming.

Delays in the development of strategic projects. The Group is in a transition process, and several key projects, such as (i) Biogas cycle infrastructure, (ii) Specialised feed technology, and (iii) Regenerative crop-rotation, are particularly important for the successful implementation of the Group's strategy. The development of these projects face several risks, including:

- the failure to innovate, launch and commercialise these projects;
- a lack of project management capabilities;
- and a lack of human resources.

GRI 102-15

GRI 102-30

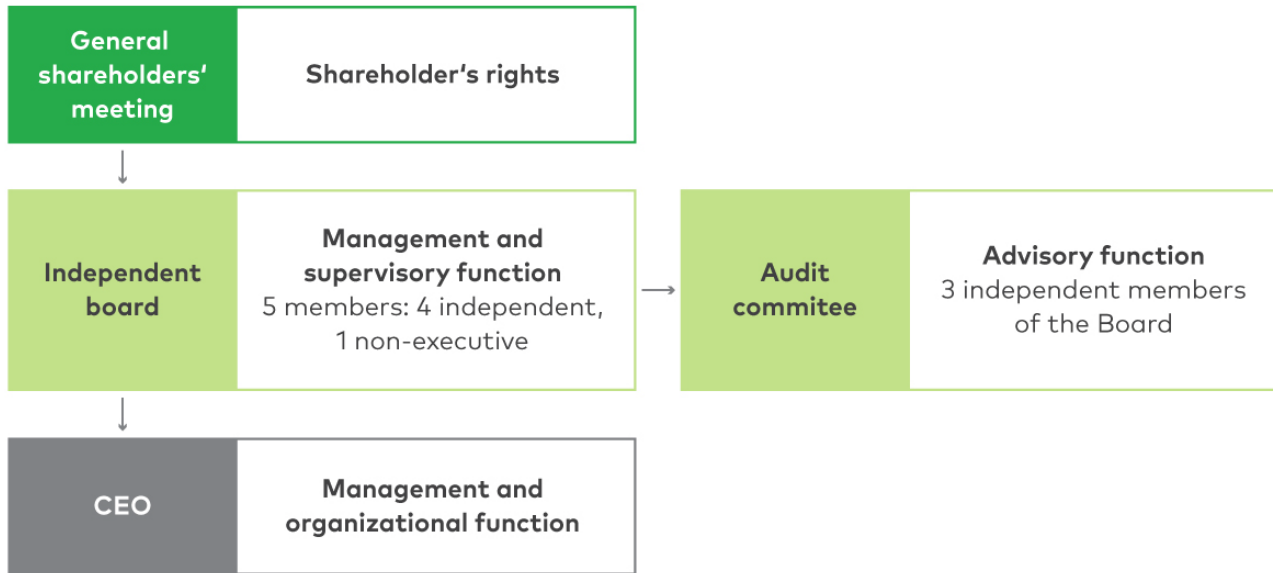
GRI 201-4



8. GOVERNANCE MODEL

The current corporate governance structure was introduced in 2019 when the Company changed to a one tier board structure instead of a two-tier structure, with the Management Board taking over the functions of previous Supervisory Council.

Currently, there are three corporate bodies in the Company – the General shareholders' meeting, the Board and the Chief Executive Officer (CEO) and an advisory body – the Audit Committee.



The general meeting of shareholders is the supreme body of the Company.

In compliance with the best corporate governance practices the Articles of the Company determine the following functions and responsibilities of the Board:

- approval of the Company's strategy;
- approval of the annual budget and business plan;
- approval of the risk level acceptable in the Company's activity and the risk management policy;
- approval of the annual financial and non-financial targets for the CEO;
- responsibility of overseeing and leading the Company's compliance with the best corporate governance practices.

The Board also appoints, removes, and supervises the activities of the CEO.

The Audit Committee operates in line with the principles, outlined in the Regulations of Audit Committee of AUGA group. The Audit Committee is an advisory body of the Board. The main functions of the Audit Committee include:

- monitoring the process of the Company's financial statement preparation,
- monitoring the audit process,
- analysing the effectiveness of internal audit and risk management systems,
- approval of requirements for external auditors and evaluates both the qualification and experience of external auditors.

The CEO is in charge of the daily management of the Company and has the authority to represent the Company. According to the Articles, the CEO is entitled to take decisions on transactions the value of which do not exceed 1/20 of the authorised capital of the Company; for transactions exceeding the latter threshold, the Board's approval is required.

9. SHARE CAPITAL STRUCTURE AND SHAREHOLDERS

The share capital of AUGA group, AB as of 31 December 2020 is EUR 65.95 million (unchanged from 31 December 2019). The share capital is divided into 227,416,252 ordinary shares (unchanged from 2019). Each issued share has a EUR 0.29 nominal value and is fully paid.

The total number of shareholders on 31 December 2020 was 1,866 and on 31 December 2019 it was 1,330.

The shareholders owning more than 5% of shares in the Company are the following:

Shareholder's name	31 December 2020		31 December 2019	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, UK)	19,810,636	8.71	19,810,636	8.71
UAB „ME Investicija“ (identification code: 302489393; address: Račių st. 1, Vilnius, Lithuania)	19,082,801	8.39	19,082,801	8.39
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Minority shareholders	47,435,738	20.86	47,435,738	20.86
Total	227,416,252	100.00	227,416,252	100.00

Shareholders distribution by country and by type in 2020 was as follows:

Country	Type	Owned shares in the Company, units	Owned shares in the Company, %
Lithuania	Legal entity	162,438,593	71.43
	Natural person	23,163,755	10.19
Other countries	Legal entity	39,300,890	17.28
	Natural person	2,513,014	1.10
Total	Legal entity	201,739,483	88.71
	Natural person	25,676,769	11.29

No shareholder has special voting rights.

Information on the shares of the Company held by the members of the Board and the top executives as of 31 December 2020:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006
Tomas Krakauskas**	Member of the Board	119,000	0.0523
Mindaugas Ambrasas	CFO	6,881	0.0030

* Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.04% of the Company's shares.

** Tomas Krakauskas is an employee of UAB „ME Investicija“, which holds 8.39% of the Company's shares.

Information on own shares

The Company has not acquired any of its own shares.

Share transfer restrictions

Laws and the Articles of Association do not provide for restrictions on the transfer of shares.

Separate share transfer restrictions are possible, but these can only be imposed by the shareholders and only in agreed-upon cases.

The Company was advised of the following contractual share transfer restrictions by one of the main shareholders of the Company: Baltic Champs Group, UAB agreed on certain restrictions with (i) its financing bank in respect of the financing provided by it, and (ii) AS LHV bank, which acted as a global lead manager of the Company's shares during the secondary public offering carried out by the Company in 2018. In the latter case, restrictions were undertaken by the majority shareholder in relation to the latter public offering.

Information on significant agreements, which could be affected by the change in shareholder structure.

Bank loans and financial lease agreements of Group companies, including the Company, have a change of control clause at the Group level which is standard practice for such agreements. The Company or the Group has not entered into any other significant agreements whose validity, amendment and termination could be affected by a change in shareholder structure.

Agreements between the shareholders

As of 31 December 2020, the Company is not aware/was not advised of any agreements between the shareholders.

On 19 July 2018 the Company, its major shareholder Baltic Champs Group, UAB (Shareholder), Kestutis Juščius and the European Bank for Reconstruction and Development (EBRD) entered into a framework agreement (Framework Agreement). Although in its nature it is not a shareholder agreement, it provides for the undertaking of the Shareholder to vote in favour of the election of an EBRD nominee to the board of the Company, provided that the EBRD holds at least 3% of the Company's shares. The Company also undertook to comply with certain environment and social compliance and corporate governance recommendations and other requirements of the EBRD.

GRI 102-18



10. THE BOARD AND ITS COMMITTEES

The Articles provide that at least 1/3 of the Board members must be independent. In 2019, the AGM approved independency criteria for members of the Company's collegiate bodies, which by and large comply with the independency criteria established by the Law on Companies of Republic of Lithuania, namely, that to be independent, a member must not be related with the Company and/or its controlling shareholder¹.

All current Board members are not related to the Company and/or its controlling shareholder; 4 of them are independent according to the self-evaluation of the Board conducted at the first Board meeting.

Information about the **Board members** of the Company as 31 December 2020:

Name, Surname	Position	Status	Appointment date
Dalius Misiūnas	Chairman	Independent	30.04.2019
Andrej Cyba	Member	Independent	17.06.2019
Tomas Kučinskas	Member	Independent	30.04.2019
Murray Steele*	Member	Independent	30.04.2019
Tomas Krakauskas**	Member	Non-executive	30.04.2019

* Board member Murray Steele has been nominated by the European Bank of Reconstruction and Development (EBRD), which holds 8.71% of the Company's shares, and he receives top up remuneration from the EBRD for conduct of board member functions; however, (i) EBRD is not a controlling shareholder; and (ii) he advised the Board that he acts independently on his own discretion as an independent board member; therefore, he is deemed to be an independent board member.

** Although according to the independency criteria established in the Law on Companies of the Republic of Lithuania and approved by the 2019 AGM Tomas Krakauskas could be deemed independent, on his request he is not considered independent due to his employment relationship with the Company's minority shareholder UAB „ME Investicija“ (holds 8.39% of shares).

The current Board's tenure is until the annual general meeting of shareholders of the Company in 2021.

Members of the Board



Dalius Misiūnas (chairman of the Board)

Education, qualification: Lund University (Sweden), PhD in Technology Science; Kaunas University of Technology, Electrical Engineering, Bachelor's degree, Baltic Institute of Corporate Governance, Professional Board member certificate, Baltic Institute of Corporate Governance, Chairman of the Board certificate.

Activity: Chairman of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: President at ISM University of Management and Economics (legal form: Private limited company, code 111963319, registered address Aušros Vartų str. 7A, Vilnius, Lithuania) (2019 – present)



Murray Steele

Education, qualification: Glasgow university (United Kingdom), Mechanical Engineering, Bachelor's degree; Glasgow university (United Kingdom), Aeronautical Thermodynamics, Master degree; Cranfield university (United Kingdom), Business Administration, Master degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chairman of the board of Octopus Apollo VCT (legal form: Venture capital trust, code OAP3, registered address: 33 Holborn, London, EC1N 2HT, United Kingdom) (2008 – present); Chairman of the Board of Surface Generation (legal form: Private limited company, code 04379384, registered address: Brackenbury Court, Lyndon Barns Edith Weston Road, Lyndon, Oakham, England, LE15 8TW, United Kingdom) (2008 – present).

¹ Independency criteria for board members are set out in Article 33 section 7 of the Law on Companies of the Republic of Lithuania; independency criteria approved by the 2019 AGM may be accessed by following this link <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=887602&messageId=117217>



Tomas Kučinskas

Education, qualification: Baltic Institute of Corporate Governance, Certification in Board Chairmanship; Baltic Institute of Corporate Governance, Certification in Board Management; Baltic Management Institute, International EMBA; Lomonosov State University (Russia), Physics, Master's degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Director of UAB „Provestum“ (legal form: Private limited company, code 302752944, registered address Teatro str. 9A-4, Vilnius, Lithuania) (2012 – present); Board member of UAB „Biseris“ (legal form: Private limited company, code 222288190, registered address Granito str. 3-101, Vilnius, Lithuania) (2011 – present); Chairman of UAB „Parket Trade“ (legal form: Private limited company, code 303156623, registered address Teatro str. 9A-4, Vilnius, Lithuania) (2014 – present); Supervisory board member of Lords LB special Fund V (legal form: investment fund, code I082) (2017 – present).



Tomas Krakauskas

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree; ISM University of Management and Economics, ISM executive school, Master's degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chief investment Officer of UAB „ME investicija“ (legal form: Private limited company, code 302489393, registered address Račių str. 1, Vilnius, Lithuania) (2016 – present); Chairman of the board of UAB „Viena sąskaita“ (legal form: Private limited company, code 300530005, registered address Savanorių ave. 192, Kaunas, Lithuania) (2017 – present).



Andrej Cyba

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chief Business Development Officer of UAB "INVL Asset Management" (legal form: Private limited company, code 126263073, registered address Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of the Board of UAB FMJ "INVL Finasta" (legal form: Private limited company, code 304049332, registered address Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of Supervisory Board of IPAS "INVL Asset Management" (legal form: Private limited company, code 40003605043, registered address Smilšu 7-1, Riga, Latvia) (2016 – present); Chairman of the Supervisory Board of AS "INVL ATKLĀTAIS PENSIJU FONDS" (legal form: Public limited company, code 40003377918, registered address Smilšu 7-1, Riga, Latvia) (2016 - present); Board Member of AB "Vilkyškių pieninė" (legal form: Public limited company, code 277160980, registered address Prano Lukošaičio str. 14, Vilkyškiai, Pagėgiai district municipality, Lithuania) (2008 - present); CEO of UAB "Piola" (legal form: Private limited company, code 120974916, registered address Mindaugo str. 16-52, Vilnius, Lithuania) (2009 – present); CEO of UAB "PFE GP1" (legal form: Private limited company, code 302582709, registered address Maironio str. 11, Vilnius, Lithuania) (2012 – present); CEO of UAB "PEF GP2" (legal form: Private limited company, code 302582716, registered address Maironio str. 11, Vilnius, Lithuania) (2012 – present).

During 2020, 11 ordinary meetings of the Board were held. During all Board meeting was quorum prescribed by legal acts and Articles of Association. Dalius Misiūnas, Murray Steele and Andrej Cyba participated in 11 meetings, Tomas Kučinskas and Tomas Krakauskas participated in 10 board meetings.

Members of the board did not have shareholdings above 5% in other companies who are Company's business partners, suppliers, clients and other related companies.

Members of Audit committee

Members of Audit Committee of the Company as of 31 December 2020:

Name, Surname	Position	Status
Andrej Cyba	Chairman	Independent
Tomas Kučinskas	Member	Independent
Murray Steele	Member	Independent

During 2020, 8 meetings of the Audit Committee were held. During all Audit Committee meeting was quorum prescribed by legal acts and regulations of Audit Committee. All members participated in 8 meetings held.

11. MANAGEMENT

Kęstutis Juščius, CEO (30.04.2019 – present)

Education, qualification: Vilnius University, Business Administration, Bachelor's Degree.

Activity: CEO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).

Miscellaneous: Chairman of the Board of Baltic Champs Group, UAB (legal form: Private limited company, code 145798333, registered address Poviliškių k. Šiauliai district municipality, Lithuania) (2014 - Present), President of Lithuanian Mushrooms Growers and Processors Association (2013 – present) legal form: Association, code 124135819, registered address Zibalų str. 37, Širvintos, Lithuania).

Mindaugas Ambrasas, CFO (12.03.2020 – present).

Education, qualification: Vilnius University, Master's degree in Economics.

Activity: CFO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius) (2020 – present).

12. REMUNERATION REPORT

Management bodies remuneration

The Company's management bodies include the Members of the Board and the Chief Executive Officer (6 persons).

The members of the Board receive remuneration for the performance of board member functions, i.e.:

- (a) EUR 1,900 (before taxes) for members of the Management Board and EUR 2,500 (before taxes) for the chairman of the Management Board per one board meeting, which includes preparation for the meeting, travel time to/from the meeting, attending the meeting, follow-up questions and closure work related to the meeting. Should there be more than 12 board meetings in 12 months, the indicated remuneration is to be paid for each meeting. Should there be less than 12 meetings per 12 consecutive months, the board member will nonetheless receive remuneration for 12 meetings per 12 months. Remuneration shall not be paid for decisions made in writing or any other way in between the meetings nor for meetings which the board member did not attend;
- (b) For board members living abroad – compensation for travel and accommodation costs for/during attendance of the board meeting – not exceeding EUR 500 + VAT (Lithuanian tariff) in respect to one board meeting in which they participated; if the board member participates in a meeting via communication/IT measures (not physically traveling to Lithuania), travel costs compensation shall not be paid for such participation.

The remuneration of the CEO of the Company includes an official monthly wage and additional benefits granted irrespective of performance results and paid to all employees meeting the established criteria in accordance with the procedure in force in the Group (e.g. health insurance). In addition to the official monthly wage or remuneration received in a different form, the CEO can be included in the Employee share option plan.

Remuneration paid to the Board and CEO of the company is in compliance with the adopted Company's remuneration policy which is approved by shareholders at the annual general shareholders' meeting and is publicly available on the Company's [website](#).

The Company and its collegial bodies' members have not concluded any agreements regarding compensation in the event of resignation, unjustifiable redundancy, or change in ownership structure.

Remuneration (gross amount) for the newly formed independent Board members is as provided in the table below.

Remuneration of the individual members of the Board, EUR	2020	2019
Dalius Misiunas (30.04.2019-present)	30,000	17,500
Andrej Cyba (17.06.1019-present)	22,800	13,300
Tomas Kucinskas (30.04.2019-present)	20,900	13,300
Murray Steele (30.04.2019-present)	23,572	16,447
Tomas Krakauskas (30.04.2019-present)	20,900	13,300
Total	118,172	73,847

It should be noted that in 2019 important changes were made to the corporate governance structure and the Company formed an independent Board. Until 30 April 2019 the Board were formed of employees of the Group and members of the Board did not receive remuneration for performance of board member functions. Members of the Board who, in addition to their board member position, served on another position in the Group received salaries or payments for legal services as direct remuneration for their employment position within the Group (i.e. the board included Group internal lawyer, CEO, etc.). Thus, historical figures are not comparable and do not give a clear overview of governance bodies remuneration development.

The table below summarises gross salaries and payments for legal services for the Board members between 2016 and 2020:

Remuneration paid to members of the board*, EUR	2020	2019*	2018	2017	2016
Total remuneration	118,172	202,717	218,192	236,800	599,179
Number of Board members	5	5	5	5	7
Average annual remuneration per 1 member	23,634	38,009	43,638	47,360	85,597

*Remuneration amounts in 2019 include both payments to independent Board members and salaries of employees of the Group who were also Board members until 30 April 2019.

The members of the Board of the Company did not receive payments from any subsidiary of the Company in 2020.

No share options were granted to members of the Board in 2020.

The Company did not pay variable remuneration to the Board members in 2020.

Employees remuneration

AUGA group's team brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.

As of 31 December 2020, the number of employees by categories was as follows (excluding employees on parental leave):

Employees number structure	2020	2019	2018	2017	2016
Managers	78	65	63	54	53
Specialists	190	135	145	134	130
Workers	968	949	957	939	916
Total:	1,236	1,149	1,165	1,127	1,099

Table below provides average gross salaries of the Group employees between 2016 and 2020:

Average gross salaries of the employees of the Group, EUR	2020	2019	2018	2017	2016
CEO	7,222	7,174	7,474	7,466	7,477
Managers	3,431	3,363	3,242	2,945	2,902
Specialists	1,793	1,641	1,663	1,393	1,295
Workers	1,168	1,122	1,138	958	969

The dynamic of average salaries of employees of the Group (excluding CEO) and net profit (loss) of the Group is provided in the table below.

	2020	2019	2018	2017	2016
Average gross salaries of the employees of the Group, EUR	1,405	1,308	1,315	1,103	1,099
Net profit (loss), th. EUR	1,792	(3,218)	(5,980)	5,015	2,145

The Group introduced share option program as additional motivation for specialist and managers in 2019. The first options will be executed in 2022.

The current CEO, being the main shareholder of the Company through UAB Baltic Champs Group UAB, did not receive payments from any subsidiary, variable remuneration and was not granted share options.

Employee share option plan

The establishment of the AUGA group, AB Employee Option Plan was approved by shareholders at the annual general shareholders' meeting which took place on 30 April, 2019. The Employee Option Plan is designed to provide long-term benefits for employees, increase their performance and increase their motivation to remain in the entity's employment.

Under the plan, participants are granted options to receive Company's shares which only vest if service conditions are met. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met, an employee is eligible to exercise this option. There are no other vesting or performance conditions for the receiver. If the receiver does not fulfill the service condition, the option does not come into force according to the Company decision and they are not eligible to exercise the option, unless otherwise determined by the decision of the board (regarding the employees subordinated to the board) or the decision of the chief executive of the Company (regarding the employees subordinated to the management).

The option loses force if any restructuring, bankruptcy, liquidation or similar proceedings of the Company are commenced, and such proceedings continue and / or end with liquidation of the Company. Moreover, it also loses force if both parties (the Company and the receiver) agree to terminate the option agreement and if the receiver has caused damage to the Company through their actions or omissions.

These share-based payments for employees are equity-settled only. When exercisable, each option is convertible into one ordinary fully-fledged share. The shares will be issued from the Reserve to provide shares for employees (formed and approved by the shareholders) at the nominal value of 0.29 and will increase the Company's share capital.

Options are granted under the plan for no consideration. There are no social security contributions or income tax which would be payable by the Company at the time of the exercise (or any other time during the vesting period) and accrued within the Company's liabilities. Employees who exercise the option and receive the shares of the company will need to pay income tax on their own at the time of such exercise. Additional information about share option plan:

	2020	2019
Number of participating employees	221	205
Number of allocated shares	2,226,830	2,558,860

13. OUR APPROACH TO SUSTAINABILITY

The Company applies the principles of sustainability in various areas. These areas range from environmental protection and emissions reduction targets to social issues, such as ensuring occupational safety, and maintaining dialogues with the communities in the regions where the group’s companies operate, as well as ensuring that transparency is maintained through all relations with investors and other stakeholders.

Acknowledging that its activities in the agricultural sector have a negative impact on the environment, the Company seeks to reduce this impact by doing more than is currently required by organic farming standards. The Group’s companies are developing a closed-loop business model, applying mill-till technology and using green energy. However, this is not enough for becoming a climate-neutral business and meeting the growing consumer demand for more sustainable food. In order to address the existing bottlenecks in the agricultural sector and the food value chain, new technologies must be developed and implemented.

The Company expects that the principles of sustainability applied in its day-to-day operations will meet its stakeholders’ needs and have a significant impact on reducing environmental impact.



13.1. UN SUSTAINABLE DEVELOPMENT GOALS

The Company bases its activities on the United Nations (UN) Sustainable Development Goals (SDG) and applies high sustainability standards. In 2020, AUGA group started the processes of signing the UN Global Compact, and in 2021 it became an official member of the initiative.

By becoming a member of this agreement, the Company undertook to report its progress on the implementation of SDG annually and to set even more ambitious goals for developing a sustainable food value chain. The Company currently seeks to contribute to the 7 selected UN Sustainable Development Goals. This list was last updated in 2019.

UN sustainable development goals integrated by AUGA group

	<p>Zero hunger</p>	<ul style="list-style-type: none"> Healthy and affordable food Food labelling, safety and prices Sustainable sourcing Genetic diversity of farmed and domesticated animals Labour practices in the supply chain
	<p>Good health and well-being</p>	<ul style="list-style-type: none"> Occupational health and safety Access to medicines Access to quality essential health care services Air quality Water quality
	<p>Decent work and economic growth</p>	<ul style="list-style-type: none"> Employment Non-discrimination Capacity building Availability of a skilled workforce Elimination of forced or compulsory labour
	<p>Industry, innovation and infrastructure</p>	<ul style="list-style-type: none"> Infrastructure investments Access to financial services Environmental investments Research and development
	<p>Responsible consumption and production</p>	<ul style="list-style-type: none"> Sustainable sourcing Resource efficiency of products and services Materials recycling Procurement practices Product and service information and labelling
	<p>Climate action</p>	<ul style="list-style-type: none"> Energy efficiency Environmental investments GHG* emissions Risks and opportunities due to climate change
	<p>Life on land</p>	<ul style="list-style-type: none"> Deforestation and forest degradation Genetic diversity of farms and domesticated animals Land remediation Landscapes forest management and fibre sourcing Mountain ecosystems Terrestrial and inland freshwater ecosystems

* GHG - Greenhouse gas

13.2. SUSTAINABILITY CRITERIA AND STAKEHOLDERS

Maintaining a close and high quality dialogue with stakeholders is an essential task for the AUGA group. The Company's stakeholder groups are identified by the management team based on their type of activities, scale, and overall business needs. Having cooperation with these groups helps the Company to respond to their needs and to have a positive impact on various areas. To achieve this, the Company conducts an assessment of the importance of sustainability criteria with its stakeholders every two years.

The assessment identifies the importance of the main sustainability criteria for all the AUGA group stakeholders listed. The impact of sustainability criteria on business has also been identified, taking into account current consumer needs, market trends, and the sector's potential.

The first assessment of sustainability criteria was implemented in 2017 and published in the Company's first Sustainability Report. In 2019, these criteria were reviewed by the Company's management team and approved by the Board. In 2021, the Company plans to conduct a third assessment of sustainability criteria.

The groups of stakeholders:

- Employess
- Consumers
- Investors
- Non-governmental and governmental organizations
- Suppliers
- Clients
- Community
- Media

The main criteria of sustainability

Environmental

- Environmental impact of agriculture
- Soil health
- Emissions
- Use of resources
- Renewable energy
- Packaging
- Waste
- Animal welfare
- Circular economy

Social responsibility

- Nutritional value & Ingredients
- Human rights
- Women's rights & opportunities
- Rural development
- Employee well-being
- Fair competition
- Company values & culture
- Consumers & sustainability
- Food safety

Sustainable governance

- Business ethics
- Anti-corruption
- Ethical standards for suppliers
- Data security & privacy
- Accountability to stakeholders
- Responsible use of innovation & technology
- Good governance practices
- Sustainable organic food standards
- Fair tax payment

	GRI 102-29	GRI 102-40
GRI 102-42	GRI 102-43	GRI 102-44

Materiality assessment matrix



● Environmental protection criteria
 ● Social responsibility criteria
 ● Corporate governance criteria

13.3. MEMBERSHIPS AND PARTNERSHIPS

AUGA group is a socially responsible company. That is why, it is important for the Company to participate in the activities of various associations, share good practices and contribute to solving emerging problems in the sector. The Company believes that groups with similar values and interests can achieve significant results in the field of sustainability, entrepreneurship, and strive for positive change.

For this reason, the Company is an active member of various associations and non-governmental organizations. The Company has been part of the following organizations for some time: the Lithuanian Association of Agriculture Companies (LŽŪBA), the Lithuanian Organic Farmers Association (LEŪA), the Responsible Business Association of Lithuania (LAVA). The Group's company Baltic Champs is a member of the Lithuanian Association of Mushroom Growers and Processors (LGAPA), and AUGA Luganta belongs to the Vegetable Growers Association (LDAA).

In 2020, the Company became a member of Positive, an international organization that promotes a regenerative economy and supports companies that seek to have a positive impact on the environment, society, and business.

AUGA group pays close attention to ensuring that the implementation of its social responsibility initiatives and the main principles that guide the Company would not raise questions within the community or amongst the Company's stakeholders. As a result, the AUGA group provides its environmental, social, and governance data to CPD, the Nasdaq ESG Data Portal and the UN Global Compact.

It is important to mention that the Company maintains close cooperation with the country's universities, such as VMU Agriculture academy, Kaunas University of Technology (KTU), LSMU Veterinary Academy, Kaunas University of Applied Sciences, Vilnius Business College, ISM University of Management and Economics.

Associations and organizations:



Universities and colleges:



Sustainability initiatives:





14. Environment

14.1. OUR ACTIVITIES AND ACHIEVEMENTS



The AUGA group consistently strives to implement its environmental agenda. The Company's main priorities in this area remain the development of innovative technologies and their implementation in everyday agricultural activities, as this will allow the Company to achieve the goals it announced last year - the reduction of emissions by 27% by 2025, and for the Company to become a climate-neutral player in the food sector by 2030.

During 2020, the Group's total emissions decreased, mainly due to changes in agricultural processes. Major innovation projects (biogas infrastructure, the development of specialized feed technology, and regenerative crop rotation) that will facilitate the achievement of ambitious emission reduction targets in the future are still under development. Their impact on emissions in 2020 has not yet been taken into account. These projects are on the Group's list of priorities, and are regularly discussed in the management team, and Board meetings as set out in previous objectives.

During the reporting period, the AUGA group took another critical step - the Group fully implemented an environmental management system that has been set up to put in place the tools needed to implement, control, and propose solutions to improve existing measures.



In 2020, the Company communicated the GHG emissions generated in its operations on the CDP platform. This is a non-profit international organization that helps businesses and cities disclose their impact on the environment. It provides valuable and relevant information and increases the transparency of environmental risks and opportunities to investors. The Group's activities in environmental protection were also evaluated in the National Responsible Business Awards for 2020 that are organized by the Ministries of Social Security and Labour, Economic, and Innovation and Environment of the Republic of Lithuania. The Company was recognized by that body as the country's most environmentally friendly company.



The Company believes that environmental issues must be relevant not only to the Company's management but also to every employee. All new employees are introduced to the Group's Environmental and Animal Welfare policies. The knowledge of all employees is updated annually. A quarterly newsletter is distributed to employees that reviews the Group's activities, with a focus placed on sustainability.



14.2. ORGANIC FARMING

In 2015, the AUGA group made the decision to turn from traditional agriculture to organic farming. This move was driven by concerns about the environmental impact of the food industry, a desire to find environmentally friendly farming and production methods, and the growing need of consumers to consume healthier and more sustainable products. Today, the group's companies work on fully certified lands and develop organic farming only.

Organic farming is more favourable to soil biodiversity than conventional farming and allows for the preservation of a more natural environment for the soil biosphere. Organic agriculture can be implemented by enriching the soil in natural ways - by using crop rotation, and by feeding the soil with only organic fertilizers (manure). The use of chemical fertilizers and chemical plant protection is not permissible in organic farming. Instead, natural fertilization and crop rotation ensure soil fertility and erosion resistance.

The Company is developing sustainable agriculture and is doing more than is currently required by EU organic regulations:

1. The Group is developing a closed-loop organic farming model that is aimed at creating synergies between different agricultural sectors and the re-use of organic waste. Various activities complement each other within this closed loop.
2. The Group's companies are applying no-till technologies in all (99%) of their cultivated lands. These technologies protect the soil from erosion, preserve biodiversity and reduce fuel consumption, thus reducing greenhouse gas emissions.

GRI 304-2



14.3. GREENHOUSE GASES

In 2020, the greenhouse gas emissions from the AUGA group's activities amounted to 68 133 t CO₂ eq. which was 6% lower than in 2019, when they amounted to 72 820 t CO₂ eq. The Group's lower CO₂ footprint in 2020 was achieved through a reduction in the amount of manure used to fertilize the soil, as well as lower crop residues due to changes in crop area proportions. The amount of nitrogen needed by the soil is increasingly derived from legumes, thus reducing the need for organic fertilizers for succeeding crops. The updated emission calculation factors did not have a material impact, nor did the main technological projects developed by the Company, which will have an impact in the future.

As in previous years, most of the GHG emissions in the Group's operations are generated through the use of fossil fuels in agriculture, cattle digestion, and soil processes. The Company buys and uses green electricity in its operations. This solution resulted in savings of as much as 2 413 t CO₂ eq. during 2020.

The GHG emission estimates and results presented in this report are based on the [GHG Protocol](#), the methodology of the Intergovernmental Panel on Climate Change, and an audit by the consulting company Carbon Footprint.

AUGA group's emissions are audited by the independent company Carbon Footprint. The company, which has been auditing CO₂ footprint for the second year, is one of the leaders in the world. The findings of the independent auditors ensure transparency vis-à-vis stakeholders.

Emissions, t CO ₂ eq.*	2020	2019
Scope 1	66 144	71 014
Scope 2	6	6
Scope 3	1 983	1 800
Total:	68 133	72 820

* Measured on the basis of actual energy purchases (market based method). Calculated using the location based method, i.e. according to the country-specific average energy production, total GHG emissions in 2020 would be 70 646 t CO₂ eq.

In accordance with the international calculation methodology that has been adopted, all emissions are categorized as Direct (Scope 1), Indirect (Scope 2) and Other (Scope 3).

Scope 1 includes all emission sources directly managed by the Company. Scope 2 measures indirect emissions from energy provided to, but not produced by, the Company. Scope 3 measures other indirect emissions (not included in Scopes 1 and 2) from the Company's various operations.

The Company has defined systematic boundaries for the life cycle assessment from-cradle-to-gate, and calculates GHG emissions from the extraction of resources to the realization (sale) of the Company's products. According to the data availability, completeness and relevance to operations the Company has chosen to include this data in another source (Scope 3) of emissions calculation: water, electricity and heating transmission losses, paper for office use, waste, business travel.



GRI 305-1

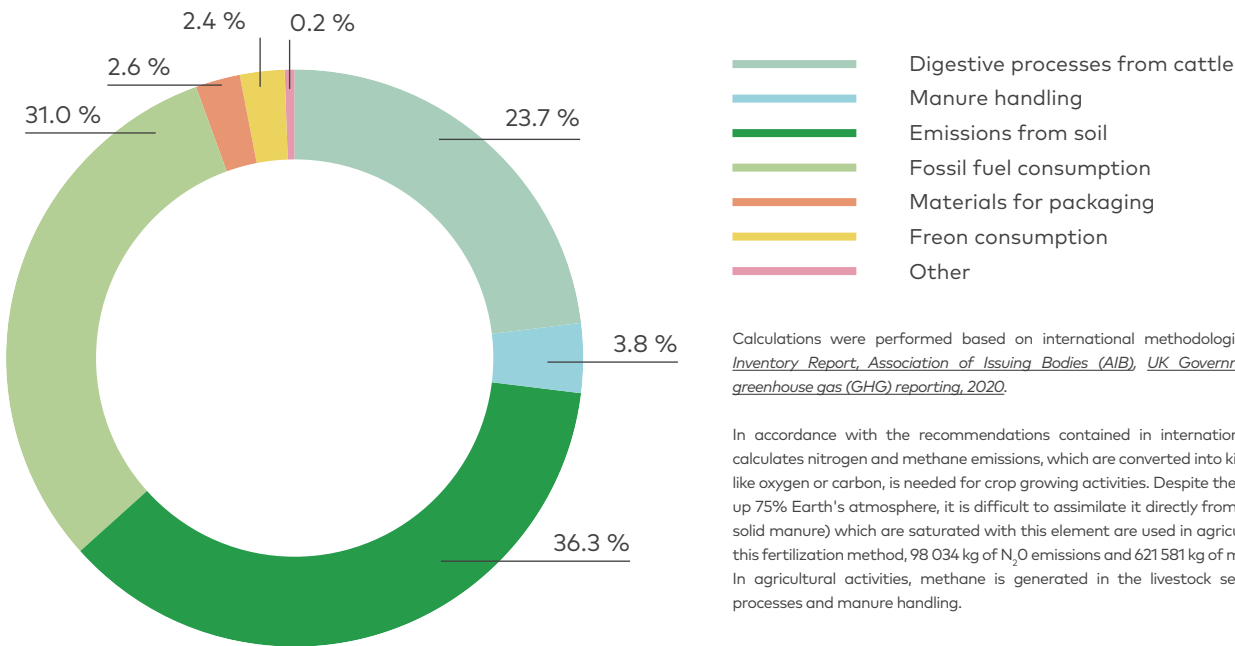
GRI 305-2

GRI 305-3

GRI 305-5

Nasdaq A1

GHG emissions distribution



Calculations were performed based on international methodologies: *Lithuania, 2020 National Inventory Report, Association of Issuing Bodies (AIB), UK Government Conversion Factors for greenhouse gas (GHG) reporting, 2020.*

In accordance with the recommendations contained in international standards, the Company calculates nitrogen and methane emissions, which are converted into kilograms, separately. Nitrogen, like oxygen or carbon, is needed for crop growing activities. Despite the fact that nitrogen gas makes up 75% Earth's atmosphere, it is difficult to assimilate it directly from the air, so fertilizers (liquid or solid manure) which are saturated with this element are used in agricultural activities. As a result of this fertilization method, 98 034 kg of N₂O emissions and 621 581 kg of methane were emitted in 2020. In agricultural activities, methane is generated in the livestock segment from cattle digestive processes and manure handling.

GHG emissions intensity

This indicator of emission intensity is calculated by dividing the annual emissions from the various units of economic activity. It shows how much CO₂ emissions are emitted in the Company's operations through a number of units including financial, production, arable land, and other units.

For comparison, the table below shows the data for 2019 and 2020. 2019 is the base from which emission reduction targets for 2025 have been set.

	2020	2019
t CO ₂ eq. / 1 Eur revenue	0.00082	0.00102
t CO ₂ eq. / 1 employee	53.61	61.04
t CO ₂ eq. / 1 cow*	3.05	3.04
t CO₂ eq. / t ECM milk*	0.67	0.68
t CO ₂ eq. / ha**	0.91	1.05
t CO₂ eq. / t crop production**	0.31	0.37
t CO ₂ eq. / t mushroom production***	0.30	0.37

* only dairy production segment emissions are measured. ECM (energy corrected milk) – a relative unit of measurement of milk. The raw milk production is converted to 4.0% fat and 3.3% protein of corrected milk quantity.

** only crop growing segment emissions are measured.

*** only mushroom growing segment emissions are measured.

Although the revenue of the AUGA group grew by 17% in 2020 compared to the previous year, the total amount of emissions was lower. Therefore, the relative ratio of emissions per unit of income improved (i.e., became lower). The same trend can be seen in the calculation of emission intensities per Group employee, per hectare of arable land, crop, and mushroom production unit. A slight increase is observed in the ratio per cow unit, partly because the total number of cow decreased in 2020 compared to 2019. The impact of the specialized feed technology developed by the group on emissions has not yet been included.

The table highlights those rows that are essential to the emission reduction targets set in the Company's 2025 strategy; namely, the reduction of emissions per tonne of milk produced (up to 50%), and the reduction of emissions per tonne of dry matter of crop production (up to 30%).

GRI 305-4	GRI 305-7
Nasdaq A1	Nasdaq A2



14.4. ENERGY

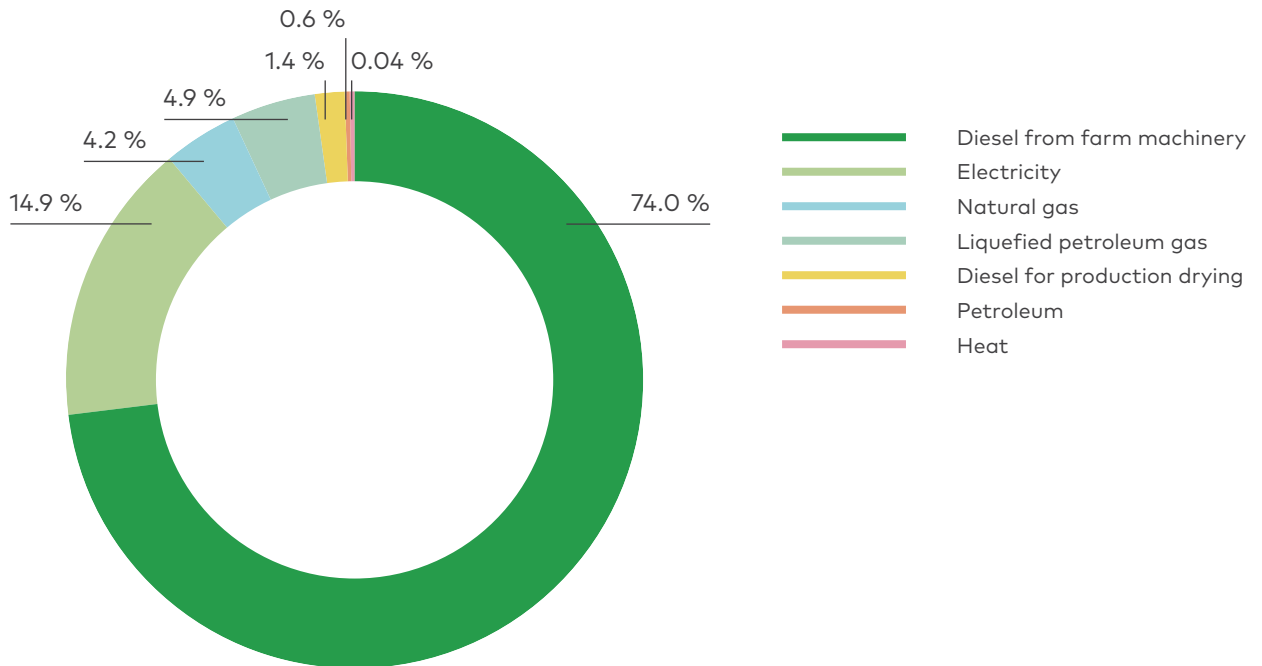
Energy usage

In 2020, the group's companies consumed 377 715 GJ gigajoules (GJ) of energy in their operations, while in 2019 this figure amounted to 368 896 GJ. Total energy consumption grew due to increased production volumes in agriculture and the acquisition of Grybai LT.

Energy type	Value	Energy
Diesel from farm machinery	7 330 265 l	279 804 GJ
Electricity	15 599 997 kWh	56 159 GJ
Natural gas	4 364 818 kWh	15 713 GJ
Liquefied petroleum gas	736 442 l	18 411 GJ
Diesel for production drying	139 514 l	5 316 GJ
Petroleum	63 157 l	2 175 GJ
Heat	37 301 kWh	134 GJ
		Total: 377 715 GJ

Currently, the Group does not have a common energy saving system in place, but individual production units are independently implementing energy saving initiatives.

Energy distribution



Energy intensity

The energy intensity indicator is calculated by dividing the annual energy consumption by the units of economic activity. This indicator shows how much energy is used to implement a particular activity. The Company calculates energy intensity through a number of units including financial, production, arable land, and other units. In 2020, ratios improved in the crop and mushroom growing segments due to the Group's efficiency agenda. In animal husbandry, the changes experienced were for the most part due to fact that more energy was used in the segment and the number of animals in the herd decreased.

	2020	2019
GJ / 1 Eur revenue	0.00454	0.00519
GJ / 1 employee	297.18	309.22
GJ / 1 cow*	3.66	3.27
GJ / t ECM milk*	0.80	0.74
GJ / ha**	4.50	4.80
GJ / t crop production**	1.53	1.68
GJ / t mushroom production***	6.05	6.86

* Only dairy segment emissions are measured. ECM (energy corrected milk) – a relative unit of measurement of milk. The raw milk production is converted to 4.0% fat and 3.3% protein of corrected milk quantity.

** Only crop growing segment energy usage is measured.

*** Only mushroom growing segment energy usage is measured.

GRI 302-3

Nasdaq A4



14.5. WATER

Water usage

Water is vital to agricultural work. Without it, crops and other production, as well as animal welfare in the livestock segment would not be possible. Water is also inseparable from the production of end-consumer products or the growth of mushrooms. In the latter segment, water is used to grow products and then prepare them for consumption (washing). This vital natural resource is derived from wells or the water supply of agricultural companies. Water consumption in the group's companies is monitored with the help of meters. The environmental impact of water consumption is also calculated in CO₂ eq. emissions.

In 2020, the amount of water consumed by the group's companies increased. This was due to several reasons: increased production volumes and the acquisition KB Grybai LT, where AUGA branded end-consumer products and private labels.

	2020	2019
Water (m ³)	338 913	267 669

GRI 303-5

Nasdaq A6



14.6. WASTE

Waste management

Waste sorting and recycling is an important part of the Company's activities. In order to implement the principles of waste management throughout the Group, in 2020 AUGA group began to more actively educate its employees on waste sorting and storage via various forms of communication (displays in workplaces, newsletters, etc.). A comprehensive policy to define the principles of waste management, as provided for in the Environmental Management System, is being implemented by the Company.

In 2020, all group companies generated 1 429.3 tons of waste. Distribution of waste by type:

Category (t.)	2020	2019
Paper	49.9	52.6
Plastic	428.2	529.9
Municipality waste	338.7	231.4
Tires	68.5	23.8
Metal	406.7	88.2
Oil	8.9	11.6
Electronics	0.7	1.9
Batteries	1.2	2.0
Asbestos	12.1	0.8
Organic waste	0.9	1.4
Wood	113.0	0
Total:	1 429.3	944.1

The increase in the amount of metal and tire waste was due to the fact that in 2020 waste accumulated in the previous years in agricultural companies was utilized.

14.7. ENVIRONMENTAL MANAGEMENT

The Group has an Environmental Policy that has been approved by the Board. This policy outlines how the Company is committed to reducing the negative environmental impact of its operations. The Company commits to developing its activities in line with the requirements of environmental protection legislation. Nevertheless, in order to further reduce its impact on the environment, the Company must cooperate with its business partners and state institutions, and monitor its environmental impact. The policy also stipulates that the Group's companies must conserve natural and energy resources, develop and implement technologies in their activities, properly manage waste, develop their employees' competence in environmental issues, and promote a responsible approach to the surrounding environment.

The Company also adheres to the Precautionary Principle or approach when developing its environmental activities.

AUGA group understands that its activities impact the environment. Therefore, the Group has an environmental management system. It ensures that environmental control and improvement procedures are performed annually within the AUGA group, such as annual audits, discussions of results in the Company's management, identification of risks, and corrective actions. This system is the axis of all AUGA group activities, which provides for managing the Company's environmental impact throughout the business cycle.

GRI 102-11

GRI 306-1

GRI 306-2

GRI 306-3

Nasdaq A7

14.8. CLIMATE OVERSIGHT

The AUGA group is a significant player in the agricultural sector in Lithuania. The Company understands that appropriate measures and new technologies can reduce its negative impact on the environment. Achieving neutrality of the Company's CO₂ footprint by 2030 as planned requires continuous monitoring of key innovation projects related to climate change.

The Company regularly organizes internal management meetings to discuss climate change-related issues, including projects, progress, emerging challenges and achievements, planned investments, and budget. Consistently discussing the results achieved allows the Company to make quick decisions that help it to achieve the goals set. Therefore, this practice will be continued within the Company.

Since 2020, the Company has been implementing a climate change action assessment process in the Board as planned. Once every six months, the progress, results, and challenges of the leading innovation projects are presented to the Company's highest management body. This structured process allows for the better management of environmental risks and enables the Company to make the right decisions to ensure the desired results. This practice, which has been proven to be effective, will continue to be carried out by the Board.

[Nasdaq A8](#) [Nasdaq A9](#)



14.9. RESEARCH AND DEVELOPMENT

In 2020, the Group invested **EUR 2 207 801**

on technological projects, while in 2019 it spent EUR 334 192.

The strategy announced in 2020 notes that the main goals of the Company are the efficiency of existing business segments, and, secondly, the development and application of innovative technologies in the agricultural sector. To achieve these goals, the Company is actively working in the field of research and technology development, and several major projects are currently underway, including: the adaptation of agricultural machinery to organic farming, biogas purification, biomethane production, the use of biomethane driven agricultural machinery, the use of specialized feed for dairy and beef cattle in order to reduce methane emissions, and the application of robotics technology in mushroom growing.

Biogas cleaning and application technologies

The Company, together with experienced partners including scientific and business institutions, is implementing a project aimed at developing an efficient biogas treatment technology. This project aims to create a more financially attractive alternative to the biogas treatment technologies currently available.

The biomethane extracted by this technology would be used to power agricultural machines. The development of this technology is also a priority of the Company. Currently, the Company is developing a prototype of a biomethane-powered tractor in cooperation with universities of technology in Lithuania and European technological solution suppliers.

Specialised feed technology

The Company is developing a specialised feed technology aimed at reducing methane emissions from cattle digestion processes. Livestock farming is an integral part of the Group's closed-loop business model, and methane (CH₄) contributes 28 times more to the greenhouse gas effect than CO₂. Therefore, the Company is taking steps to resolve this issue.

The concept of specialised feed technology is related to feed production and processing, and its application in measuring the effect of this feed on the digestive processes of cattle.

Robotics technology in mushroom growing

The project being developed in the Company is aimed at the research and development of an innovative technology. The Company is using artificial intelligence and robotic systems for research and technological development to reduce the risk of infections and diseases in mushrooms, and to increase the yield and quality of the mushrooms.

As existing mushroom growing technologies require a lot of manual work, which directly affects the quality of production and results in higher labour costs, the research and experimental development project aims to create and implement the following new technological solutions:

- a data processing system;
- a mushroom growing microclimate and irrigation system controlled by artificial intelligence;
- robotic champignon processing technology;
- an automated mushroom sorting system.

14.10. TARGETS FOR 2021

The Company will continue to actively develop technological projects to achieve its ultimate goal of reducing total emissions by 27% by 2025 and attain the necessary CO₂ ratios in crucial operating units, in this way becoming a climate-neutral market player by 2030.

The AUGA group plans to develop, approve, and launch more active actions in waste management in the coming years, and new policy in this area will help achieve the result.

The Company will continue to consistently communicate climate change issues with its management and the highest governing body, the Board. These issues will be regularly placed on the agenda and discussed.

The AUGA group will actively work in employee education, developing their competencies and fostering a responsible approach to environmental protection. Employees will be introduced to the technologies developed in the Company and their future results.





15. Social Responsibility

15.1. OUR ACTIVITIES AND ACHIEVEMENTS

2020 was unusual not only for the AUGA group but also for the entire world. The COVID-19 pandemic posed many challenges for employee safety in the workplace. However, the group's companies were operating at normal capacity despite radical changes in working conditions.

The Company has taken preventive measures to ensure the health of its employees. Farming activities have been reorganized to ensure that employees have as little as possible contact with other colleagues, while office workers continued working from home. All necessary personal protection equipment was provided to all employees in the workplace. The Company continuously maintains communication with employees to inform them about the changing situation in the group and the health and safety rules that must be followed.

The AUGA group takes care of its employees and has added additional benefits to its supplementary health insurance. From 2021, employees are reimbursed for COVID-19 tests required by medical institutions and vaccines once they become commercially available.

Despite the pandemic, the AUGA group has maintained close contact with its stakeholders in the regions, where it is active. As is the case every year, a survey of community representatives was conducted. The results are almost unchanged from previous years - the Company has consistently maintained high ratings with the communities.

In May of the same year, the Investors' Forum association, which unites the largest and most active investors in the Lithuanian economy, awarded the AUGA group for its social responsibility for the care it showed for the environment and the strong relations it maintained with communities.



15.2. COMMUNITY SURVEY

For the third year in a row, the AUGA group has conducted a survey to evaluate its activities in the regions where the Group is developing its agricultural operations. This survey is designed to receive feedback from representatives from the communities and elderships, also residents, allowing the Company to forge an even closer relationship.

The survey consists of a variety of questions: whether a particular Group company operating in the region is an essential employer in the community, or whether the Company contributes to improving the quality of life of the region's residents, i.e., maintaining infrastructure, organising activities or celebrations, or providing general support for farming in the region. Survey participants are also asked to assess the communication of the AUGA group with the representatives of the communities or elderships.

In 2020, respondents had the opportunity to indicate the need and preferred frequency for the meetings between the AUGA group agricultural companies and communities. Many respondents stated that they want to maintain regular contact with the Company's management on community issues.

In 2020, the activities of the AUGA group were assessed positively. According to the results, survey participants see the AUGA group as an essential employer in their community. It is crucial for community members that the Group's companies are engaged in organic farming. The majority of community representatives in the survey stated that they expect the Company to be even more involved in critical regional activities.

Results:



15.3. EMPLOYEES AND DIVERSITY

Personnel data is provided from the Group's business management system.

Age and education of employees

Age of employees	2020 Number / Share %	2019 Number / Share %
Younger than 25	105/8.3	70/5.9
26-35	272/21.4	266/22.3
36-45	291/22.9	275/23.1
46-55	347/27.3	342/ 28.7
56-65	246/ 19.3	230/19.3
Older than 66	10/0.8	10/ 0.8
Total:	1271/100	1193 /100

The total number of employees increased by 7% in 2020, with the most noticeable growth in the under 25 group. This shows that the Company can attract the younger generation to the agricultural sector.

Education	Head office		Agriculture entities	
	2020	2019	2020	2019
University	72	59	270	208
Special vocational	4	2	452	430
Secondary	2	4	436	452
Total:	78	65	1158	1 090

*Employees on parental leave are not included in this table.

Both the head office and agricultural companies have seen an increase in the number of employees with university and special vocational education. This is because the group companies are attracting an increasing number of younger employees who are either recent graduates or students pursuing higher or professional education as Group employees.

Distribution of employees by employment contracts

	Women		Men	
	2020	2019	2020	2019
Permanent employees	542	503	729	690
Temporary employees	0	0	0	0
Total:	542	503	729	690
Full-time employees	538	499	712	680
Part-time employees	4	4	17	10
Total:	542	503	729	690
Working under service contracts	2	1	1	1

*Data are provided for last day of the year 2020.

GRI 102-8

GRI 405-1

Nasdaq S5



At the end of 2020, AUGA group did not have employees with temporary employment contracts. Employees working under service contracts are not included in the total number of employees.

In 2020, the number of part-time employees in the Group was 1.7%, and the number of those working under service contracts was 0.24%.

The AUGA group operates in the agricultural sector. Therefore its activities are seasonal. In 2020, the group companies hired over 420 seasonal workers during the season to provide agricultural services: weeding, picking, drying, measuring, and similar work. The Group companies pay such employees for the services provided based on payment receipts. At the end of the year, these employees are not included in the final number of employees.

Gender diversity

	Women		Men	
	2020, %	2019, %	2020, %	2019, %
Workers and specialists	43.8	43.1	56.2	56.9
Managers	20.6	24.6	79.4	75.4
Overall gender distribution not by position	42.6	42.2	57.4	57.8

The highest governance body of the AUGA group is the independent Board, elected for a two-year term in 2019. At present, the Board consists of 100% men (3 of them - 31-50 years old, 2 - 51 years and older).

Employees turnover

Employees turnover by gender				
	Number		Share, %	
	2020	2019	2020	2019
Women	114	94	36.1	36.2
Men	202	166	63.9	63.8
Total:	316	260	100.0	100.0

The highest employees turnover in 2020 remains among men. The same tendency can be seen in the previous year.

Employees turnover by contracts				
	Number		Share, %	
	2020	2019	2020	2019
Full-time employees	316	256	25.3	21.8
Part-time employees	0	4	0.0	28.6
Working under service contracts	0	0	0.0	0.0
Total:	316	260	24.9	21.8

The employee turnover rate, calculated for full-time employees, increased to 25.3% in 2020, while in 2019, it had reached 21.8%. This change was due to the fact that, unlike in previous years, the Group employed 41% more temporary workers during the period from April till October.

GRI 102-8

GRI 401-1

GRI 405-1

Nasdaq S3

Nasdaq S4

Nasdaq S5



Although the number of employees in the Group grew in 2020, voluntary employee turnover with permanent contracts remained at the level of 2019.

Employees turnover by age 2020	
Age	Number
Under 20	21
21-30	77
31-40	73
41-50	53
51-60	66
61 and older	26

New employees

New employees by gender				
	Number		Share, %	
	2020	2019	2020	2019
Women	129	64	35.9	32.0
Men	230	136	64.1	68.0
Total:	359	200	100.0	100.0

During the reporting period, the group companies hired almost twice as many employees (temporary and permanent) as in the previous year due to higher workloads.

New employees by age 2020	
Age	Number
Under 20	37
21-30	114
31-40	78
41-50	72
51-60	48
61 and older	10

GRI 102-8

GRI 401-1

Nasdaq S3

15.4. REMUNERATION AND ITS DISTRIBUTION

Remuneration policy

People are the Groups most important asset and a lot of attention is paid to making sure they feel valued and motivated at work. The Remuneration Policy regulates the procedure for the remuneration of employees. The policy includes the procedures for calculating wages in the event of deviations from normal working conditions, determining the categories of employees according to positions, specifying the forms of remuneration and salary ranges for each position, as well as the conditions for granting additional payment.

The Remuneration policy covers the following areas: job evaluation and classification, determining monetary remuneration for each position, taking into account the country's labour market. It also determines monetary salary ranges, monetary work remuneration structure, and the implementation of changes related to remuneration.

For the purposes of the Remuneration policy, the AUGA group cooperates with KORN FERRY, i.e., it uses the company's remuneration data analytics platform, which allows checking the prevalent remuneration trends in the market. KORN FERRY does not provide consulting services.

CEO pay ratio

For several years in a row, the Company has seen a decrease in the CEO's (the highest-paid employee's) pay ratio to the median salary of permanent employees of all group companies. In 2020, the pay ratio reached 5.33, while in 2019, it was 5.75. Excluding the CEO's salary, the median changes very little and does not affect the ratio. This change in the ratio is due to the fact that employee salaries are reviewed annually in line with prevalent market trends, while the CEO's pay has remained unchanged. It is important to mention that the Company's CEO is one of the Company's main shareholders through his controlled Baltic Champs Group, UAB (see more in the Company's remuneration statement).

Gender pay ratio

The remuneration system for AUGA group employees is based on the principles of gender equality. Therefore, different remuneration for equal work is not applied.

In 2020, the ratio of the salaries of men working in the Group to the median ratio of women's salaries slightly increased compared to 2019 and reached 1.28. In 2019, the median ratio was 1.22. Higher salaries for men in the Group, as in the past, were due to different qualifications and positions held, as well as employee turnover, but not due to a difference in remuneration for positions of the same level.

Only employees who were not on sick leave and not on parental leave during the reporting period were included when calculating the median salary.

Additional financial incentives for employees

Additional financial incentives are provided to the Group's employees who achieve significant work results by performing the assigned duties. Employees can be also encouraged with one-time bonuses in the end of the year.

Since 2019, the Company has been implementing an employee share options program. During the reporting period in 2020, the Company distributed 2.35 million shares to the employees of AUGA group and its subsidiaries, and members of the management bodies. The Company currently has 240 employees participating in its employee share options program.

15.5. HEALTH AND SAFETY

Occupational health and safety policy

The companies belonging to the AUGA group work in a sector where it is extremely important to ensure a safe working environment. Employee safety is a priority for the Group. The Company is continuously reviewing its work processes and implementing various preventive measures to minimize the factors that may adversely affect employee health or safety. Employees must comply with the established work safety requirements at the workplace.

All preventive safety measures and potential risks in the Group's activities that employees may face are identified and listed in the Company's health and safety policy. All new employees of the Group must read the rules carefully and update their knowledge regularly.

The occupational health and safety policy is published on the Company's [website](#).

Accidents at work

During 2020, 8 accidents occurred in the group companies. During these incidents, workers suffered minor injuries, strained leg or arm ligaments or muscles. Accident-affected workers recovered quickly. No employee was required to register for long-term incapacity.

To avoid similar accidents in the future, the Company's management reviewed its business processes and additionally informed the employees about potential risks in the work environment and how to avoid them. In 2020, there were 0.0062 accidents per employee. In 2019, this figure reached 0.0017.

Supplementary health insurance

In 2020, the AUGA group continued its supplementary health insurance program for employees, which is valid for all employees with permanent contract of the group companies.

Supplementary health insurance allows employees to receive health-related services faster and more conveniently: to receive treatment in selected health care institutions, to consult with a family doctor and other doctors, to get various tests and buy medicines, and to use other health services, such as therapeutic massages or physiotherapy sessions. Employees who have supplementary health insurance can enhance their physical and emotional health and visit psychologists.

As a result of the global COVID-19 pandemic in 2020, the Company has taken additional measures to ensure the good health of its employees. It has included supplementary health insurance compensation for COVID-19 tests required in medical facilities and vaccines once they become commercially available from 2021.

GRI 403-1

GRI 403-5

GRI 403-6

GRI 403-8

GRI 403-9

Nasdaq S7

Nasdaq S8



15.6. PRINCIPLES OF EMPLOYEE RIGHTS AND PROTECTION

It is vital for the Company that the Group's employees feel safe in the work environment, are not discriminated against, and their rights are fully guaranteed in accordance with the applicable legal acts of the Republic of Lithuania and international principles. The Group's companies have a policy on human rights, non-discrimination, children, and forced labour.

Human rights

The Human Rights policy is based on the United Nations Universal Declaration of Human Rights, the United Nations Resolution on Business and Human Rights, and the International Labour Organization's core conventions. The principles set out in this policy apply to all areas of the Company's business.

Respect for human rights is considered an essential part of the Company's work culture and values that all employees must observe. For this reason, all new employees who join the Company's activities are acquainted with this policy.

Non-discrimination

The Company is pleased that in 2020 no cases of employee discrimination were recorded. The mechanisms currently in force are effective, and the work ethic of employees and management complies with the principles of non-discrimination defined by the Company since 2019. This policy, approved by the Board, is drawn up by the laws in force in the Republic of Lithuania and the most important principles of international human rights.

The policy defines that discrimination, humiliation, harassment, or other insults to employees based on gender, age, nationality, race, religious and political beliefs, or other personal characteristics are not tolerated in the group's companies. The document also states that all employees must be guaranteed equal conditions to work and improve, and their work should be evaluated according to results.

The Company's management adheres to these principles and encourages every employee to do so and comply with the standards of mutual tolerance and respect for human rights.

Child and forced labour

The principles of intolerance of children and forced labour are described in the Company's Human Rights, Non-Discrimination, Children and Forced Labour Policy. This document, which is prepared by international legal acts, defines that the Company does not tolerate forced labour of children and other groups of persons. Including involuntary employment relationships or certain conditions related to the seizure of bail or personal documents that restrict free movement. The AUGA group also does not tolerate or contribute to human trafficking.

All employees with email access (more than 20% of the Group's employees) are asked to update and verify their knowledge of human rights principles throughout the Group. Employees working on farms are reminded via bulletin boards of the information contained in these policies.

Any Group employees who noticed incidents where the Human Rights, Non-Discrimination, Children and Forced Labour Policy in force in the Group have been violated, can report it anonymously by email: etika@auga.lt.

The Company expects all its suppliers and other business partners to adhere to these principles. This information is publicly available on the Company's [website](#).

15.7. TARGETS FOR 2021

The Company has set a goal to complete the Occupational Safety and Health Management System implementation in all group companies in 2021.

In 2021, the Company will continue to work actively to ensure the implementation of all codes of conduct and policies in force in the Group's companies, regularly update employee knowledge, and consistently adhere to and develop the social policy model throughout the Group.

The Company plans to implement surveys of employees and communities where the AUGA group operates to achieve the closest possible dialogue between the Company's most important stakeholders. With the help of these surveys, the Company will maintain close contact and promptly respond to emerging issues among employees and communities where it operates.

The priority of the Company will remain its focus on social equality in the matters of fair pay or gender equality. The AUGA group will not tolerate discrimination in group companies, and will ensure the safety of employees, as well as additional health protection.





16. Sustainable Governance

16.1. OUR ACTIVITIES AND ACHIEVEMENTS

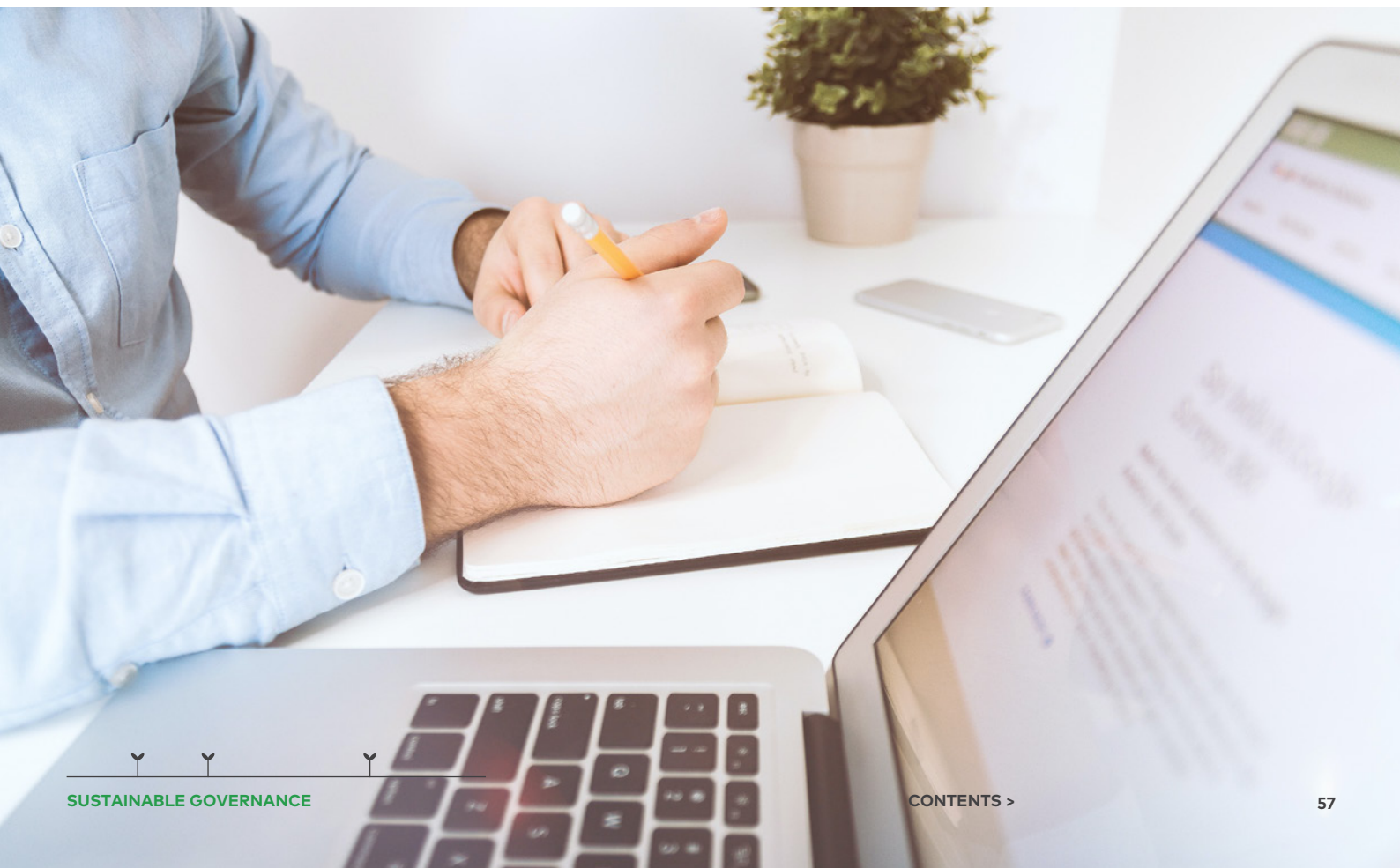
In April 2020, the AUGA group launched its five-year strategy and committed to delivering organic food with no cost to nature. In the new strategy, the AUGA group envisaged improving the efficiency of operating segments, implementing and developing innovative technologies, and becoming an asset-light business, ensuring a ~ 15% return on capital to investors.

The strategy was prepared together with the independent Board and the Company's employees. The new strategy was announced through the Nasdaq Baltic Stock Exchange, during specially organized events for investors, in the Company's media and other communication channels.

In 2020, the Company successfully continued its good corporate governance practices. Since 2019, the AUGA group has been implementing an independent Board model, which ensures transparency and responsibility to all small and large shareholders and investors.

The AUGA group communicates openly and actively about its actions in the fields of environmental, social, and corporate governance. It is essential for the Company that its activities do not call its stakeholders into question. In 2020, the Company also became the first Lithuanian company to submit its sustainability data to the Nasdaq Sustainability Data Portal. As a result, the Company is certified as a transparent Nasdaq ESG Partner.

2020 The Company has received international recognition. ISS Corporate Solutions, the world's leading research and consulting Company, assessed the sustainable operations of the AUGA group. Based on the study's findings, the AUGA group has received Prime status and a high sustainability score that puts it among the top 10% of best-performing companies for sustainability in the food & beverages sector globally.



16.2. BOARD

The main responsibilities of the Company's Board are: to approve the Company's strategy and business plans, annual budgets, and possible risks of the Group's operations and risk management policy. The Board also approves the annual financial and non-financial goals of the General Manager, assumes responsibility for the vision and application of the Company's good governance practices. The members of the Board also approve the Company's Sustainability report and contribute their insights to its preparation.

In 2020, the Board actively participated in the preparation of the 2020-2025 AUGA group's strategy. The Board was also included in the reviewing and updating processes of the Company's vision, mission, and values. To comply with good governance practices, the meetings of the Board are organized regularly; during the meetings, the members of the Board, using their available expertise, submit proposals regarding the aforementioned areas to the Company's management and make the most important decisions together with the management.

Gender diversity

The independent Board was elected in 2019 for a term of two years. As the composition of the independent Board in 2020 remained the same as in previous years, the issue of gender diversity also remained unchanged, with the Board still consisting of men (100%). It is important to mention that the members of the Board are elected based on their experience, available knowledge, which may be conducive to the performance of the Group's activities, without discrimination based on gender.

Board independence

The functions of the independent members of the Board and the General Manager are separated in the company. The General Manager is not a member of the independent Board and remains directly subordinate to that governance body. 80% (or 4 out of 5) of the Company Board consists of independent members. One member of the Board is an employee of UAB ME Investicijos, which owns 8.39% of the Company's shares. None of the members of the Board hold any other position in the companies of the AUGA group.

Incentivized pay for sustainability

At present, the Company does not have an approved policy based on which employees or members of management and supervisory bodies would receive financial incentives for the development and implementation of a long-term sustainability strategy. Employees responsible for this area are financially encouraged in the general arrangement and participate in an employee share options program, which is also linked to the results achieved.

All information about each member of the independent Board, their education, positions held in other organizations, the number of shares held is published on the official [website](#) of the Company and in the Corporate governance Report.

	GRI 102-26	GRI 102-32
Nasdaq V1	Nasdaq V2	Nasdaq V3



16.3. COLLECTIVE BARGAINING

As in previous years, in 2020, the AUGA group did not enter into collective agreements with its employees. It is important to emphasize that the Company does not prohibit employees from creating employee associations or implementing other social partnerships as defined in the Labour Code.

16.4. INVESTOR RELATIONS

In 2020, the Company paid great attention to establishing and maintaining relations with investors to ensure the reliability of information about the Company. The Group's performance was assessed by independent international analysts: WOOD & Company, Enlight Research, and LHV Bank.

It is vital for the Company that investors can conveniently find all relevant information about the Group's activities and results. Analyst assessments, quarterly reports, video conferences, presentations, and performance results in Excel format are published on the Company's website, in the investor newsletter, and on the Nasdaq Baltic website.

After the Company's new strategy was announced in the first half of 2020, two conferences were held for Lithuanian and Estonian investors. In the second half of the year, the Company began issuing a monthly newsletter reviewing news from its sector, sustainable business, and investment.

In 2021, the results of the Nasdaq Baltic Market Awards 2021 were announced. The AUGA group has been among the TOP15 companies in the Baltics that have achieved the best results in transparency, good corporate governance, and investor relations. The results of the companies were based on two years of activity; therefore, it is important when reviewing reporting period. The company is participating in this assessment for the second time - in 2019, the company did not reach the Baltic States' average score, but in 2021 successfully surpassed it.

GRI 102-41

Nasdaq V4



16.5. THE MAIN PRINCIPLES OF ETHICS

The AUGA group applies high standards of business ethics in its activities. It is essential for the Company that these standards are observed in business partners and suppliers' organizations. For this reason, the Company has had a Code of Business Ethics, a Corruption and Conflict of Interest Prevention Policy, and a Supplier Code of Ethics for some time.

Business ethics and anti-corruption

The Code of Business Ethics is a crucial document supporting the working principles of the AUGA group. The Code defines the direction of proper behaviour with employees, the importance of complying with international human rights standards, ensuring equality, and the importance of health and safety. The Code specifies the rules implementing personal data protection, confidential information, business and financial documents, the provision of work equipment, the relationship with customers and competitors, and the Company's overall communication.

The Company enables both the Group's employees and interested parties to inform about the proposed improvements or violations of the Code and to receive the necessary information related to its implementation by sending an email to the mailbox created for this purpose: etika@auga.lt. Only the Head of the Company's Human Resources department has access to this mailbox.

The Anti-corruption policy in force in the AUGA group defines that the Company does not tolerate corruption in any of its forms. In case of specific manifestations of corruption in the organization, it takes immediate action to stop such situations.

Every employee joining the Group must disclose whether they engage in activities that may give rise to a conflict of interest. Employees undertake to act impartially, not to provide impermissible benefits to other business entities. Also, employees must not engage in situations that cause or could potentially cause a conflict of interest with the Company's interests, have a negative impact on their freedom of action or decision related to work functions.

All new employees of the Group are acquainted with these documents. All employees with email access (more than 20% of Group employees) are asked to update and verify their knowledge of human rights principles throughout the Group in 2020. Employees working on farms are reminded of the information in the policies on bulletin boards. No violations in the field of anti-corruption were detected during 2020.

These codes are available to all who are interested in the AUGA group's [website](#).

Supplier code of conduct

Business partners and various service providers are an integral part of a sustainable food chain, which is why the AUGA group chooses its partners very responsibly. The Company maintains a close dialogue and encourages its suppliers to adhere to the highest standards of sustainability and good corporate governance practices. The Company bases these actions on the Supplier Code of Ethics approved by the independent Board.

It defines that the Company expects its business partners to conduct their business following the basic principles of environmental, social policy, and good governance (ESG) - the United Nations Sustainable Development Goals. It is essential for the Company that suppliers comply with environmental regulations, animal welfare standards, take care of their employees' health, and prevent any discrimination or forced and child labour.

In 2020, the Company did not identify any violations of the policy principles among its suppliers.

The AUGA group started the application of this code of ethics in 2019. In 2020 the Company introduced its values and principles of transparent activities for the suppliers, which account for 70% of the entire purchase turnover of the AUGA Group.

The Supplier Code of Conduct is announced on the Company's [website](#).

GRI 102-17	GRI 102-25	GRI 205-2	GRI 205-3
		Nasdaq V5	Nasdaq V6



16.6. DATA PRIVACY

It is important for the Group's companies to ensure the protection of the personal data of their employees. Therefore, the Company responsibly complies with the Privacy Policy and generally applicable legal acts on protecting individuals with personal data and free movement of such data and legal protection of personal data of the Republic of Lithuania. Regulation (EU) 2016/679.

16.7. TARGETS FOR 2021

In 2021, the Company will continue the business management model based on the highest transparency standards and elect a new independent Board of the AUGA group for a 2-year term.

Good governance practices will continue to be a priority for the Company. The newly elected Board will be actively involved in the management of the Company to improve relations with investors and other stakeholders further.

The Company will actively seek to implement all internally approved policies involving employees, suppliers, and other AUGA group stakeholders. The Company's employees will consistently review and update their knowledge in this area. New employees will be involved in the implementation of these policies from the earliest days of their employment. As before, the policies will be reviewed at the annual meetings of the Board and management, comments will be provided, and violations will be investigated.

The AUGA group is making significant efforts to establish investor relations. Therefore, it will consistently continue this work and seek even higher evaluation in the Nasdaq Baltic Market Awards 2023.

In 2021, a materiality assessment of crucial sustainability areas is planned.

Nasdaq V7

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